

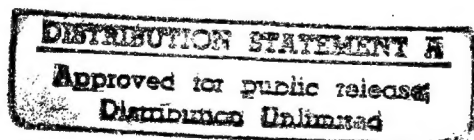


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# ***JPRS Report***

## **Near East & South Asia**

***EGYPT***



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# Near East & South Asia

## EGYPT

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24 September 1992

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## International Affairs

### Ambassador Comments on U.S. Policy

92AF1031B London AL-SHARQ AL-AWSAT in Arabic  
29 Jul 92 p 3

[Interview with 'Abd-al-Ra'uf al-Ridi by Muhammad Sadiq in Washington; date not given]

[Text] Washington—Next Wednesday, Ambassador 'Abd-al-Ra'uf al-Ridi leaves Washington after serving there as Egypt's ambassador for eight years. Ambassador al-Ridi thus concludes more than 35 years of service in Egyptian diplomacy. During this period, he has held several positions, assumed numerous responsibilities, and participated in many events, including the Egyptian-Israeli peace negotiations, which produced the Camp David agreements. He was appointed Egypt's ambassador to the United States in November 1984 and submitted his credentials to then U.S. President Ronald Reagan in December.

Three days before Ambassador al-Ridi left Washington, AL-SHARQ AL-AWSAT interviewed him, and he dealt with many subjects that would require many hours of discussion to do them justice. He states that Egyptian-U.S. relations are healthy, because they are based on each country's recognition and appreciation of the importance of the other country's primary role. He describes the Middle East peace process as "an integrated process" that has achieved success. He adds that this success, which has come about in the five rounds of negotiations held to date—which are an important, necessary stage that can be called the "prenegotiation stage"—consists of the fact that the parties having been brought together at the negotiating table. He expresses hope that "the results of the Israeli elections will open the way to some relaxation."

He also deals with the crisis between Libya and the Western countries concerned with the downing of the Pan American plane. He states that Egypt has played a key role in averting military action against Libya to settle the problem, which Egypt is working intensively to resolve.

He also addresses the Arab world's position in the light of the fundamental changes that have occurred in the world. He describes what is needed for the Arab world to assume its position and role in the world based on principles that will guide it as it moves forward.

He also speaks about President Bush's administration and its policy on the region and its problems. He describes President Bush's administration as the "best administration that we can see with respect to the sentiments and hopes of the peoples of the region and help in establishing peace and stability." The ambassador also deals with other topics, which are contained in the text of the following interview:

[Sadiq] You are leaving Washington after eight years as Egypt's ambassador here. How do you view and evaluate Egyptian-U.S. relations?

[al-Ridi] What comes to mind when I speak about Egyptian-U.S. relations is that they are healthy relations in the sense that they are based on U.S. recognition of Egypt's regional role, and Egyptian recognition of the international role of the United States. Each party appreciates the other party's importance with respect to peace and stability in the Middle East region. This shows up clearly in our tracking of a basic issue, namely the peace process, the Arab-Israeli conflict, and attempts to find a just solution. We cannot imagine any movement in this area without the United States catalyzing it and being a main party to it. Nor can we imagine any attempt being successful without Egypt being a party to it.

The issue of stability, as seen in the Gulf crisis, is an example. It would have been impossible to dislodge Iraq from Kuwait after all peaceful attempts had been exhausted without an international alliance in the UN framework in which the United States and Egypt played a role.

If we take voting records at the United Nations as an example, we find that Egypt votes differently from the United States 75 percent of the time. There is no strategic cooperation agreement between Egypt and the United States, and there are no U.S. military bases in Egypt. Egyptian-U.S. relations are healthy relations based on mutual appreciation of each other's role.

[Sadiq] You referred to the peace process and stability in the Middle East. Inasmuch as you have participated in and follow the peace process, what has it achieved, and what is it expected to achieve? Will the results of the Israeli elections affect its course?

[al-Ridi] Since the Madrid conference, the peace process in itself has been a historical achievement. The following points underscore this:

- For the first time since the Palestinian problem arose in 1917 with the Balfour Declaration, Palestinians are sitting at the negotiating table and representing themselves. They are not being represented by another party, and they are bearing responsibility for negotiations.
- For the first time, all of the Arab parties are sitting at the negotiating table with Israel.
- There is an agreed basis for negotiations, namely Resolution 242 and the legitimate political rights of the Palestinian people.
- This negotiating process is an integrated process for solving bilateral conflicts and then drawing a map for the region's future before eliminating weapons of mass destruction, for example, and solving the refugee problem and other problems.

Although the successful launching of the peace process and the bringing together of the parties, which began in Madrid in October 1991, has yet to produce tangible

results, it is nonetheless an important stage that can be called the prenegotiating stage.

Of course, this initial stage has seen no real relaxation and rapprochement between the parties' positions, especially regarding bilateral relations. Nonetheless, it is an important, indispensable stage prior to negotiations. It very much resembles the stage that preceded Camp David in the Egyptian-Israeli negotiations.

We can describe this stage as a warm-up stage before real progress. I believe and hope that the results of the Israeli elections will open the way to some relaxation. The main significance of the Israeli elections, in my opinion, is that the Israeli people wish to find a solution to this problem, and this coincides with the Arab side's position.

Hence, we must move toward the next stage with hope and determination to surmount the obstacles, which might be placed in the way.

[Sadiq] Some say that the Arab side has gone overboard in welcoming the results of Israeli elections. What is your opinion?

[al-Ridi] It is a good sign if the Arab side moves away from describing anything coming from Israel negatively. We must welcome what we regard as positive and censure what we regard as negative. This indicates that we have moved beyond this stage. I believe that the results are positive.

[Sadiq] Did the Bush administration play a role in these results?

[al-Ridi] I would not want to say that. However, U.S. satisfaction with the results can be noted.

[Sadiq] Has a change occurred in the position of the United States, or in the position of Israel's supporters in Jewish and Zionist organizations in the United States, or in the position of Israel's supporters in general due to recent developments?

[al-Ridi] Yes, it may or may not be called a change. In previous years, Israel's position had always been based on a convenient assertion that has convinced many Americans, namely: "We want peace, but the Arabs do not wish to enter into peace negotiations. Consequently, we cannot give up this territory as long as there are no negotiations."

The fact that the Arabs sat down at the negotiating table rocked this assertion considerably. The Arabs, including the PLO, demonstrated a willingness to negotiate and a desire for peace. At this point, the real obstacles emerged, chief among which are Israel's refusal to cease settlement activity in the occupied land and end the occupation, and its continuation of repressive practices against the unarmed Palestinian people.

Therefore, Israel's support base was strongly rocked. Americans watching television—the most important tool for shaping public opinion—see Palestinian delegations

negotiating on behalf of the Palestinians, emphasizing peace and coexistence. At the same time, they see occupation soldiers acting ruthlessly in dealing with Palestinian residents.

Also, the U.S. position on the peace process has always been [based on] an exchange of land for peace and regard the settlements as an obstacle to peace. However, this position has never been tested in the absence of negotiations. When the parties were brought together successfully for negotiations, the U.S. administration became obliged to complete this process in accord with its fundamental positions.

Therefore, the qualitative change in the extent of U.S. support for Israel's position, whether inside or outside Congress, does not amount to anything, because of the start of the peace process and the participation of the Arab parties in it. [It would be more accurate to say that] recent regional and international changes have consolidated the situation.

[Sadiq] As you leave Washington, you see that the results of the crisis and war in the Gulf are still creating a stir here. From your position, what is the Bush administration's position on the latest developments in this regard?

[al-Ridi] The United States is now preoccupied with domestic affairs more than foreign affairs. The current election campaign deeply reflects the change in the U.S. citizen's order of priorities. Americans now find that their enemy, which had striven to eliminate the U.S. system and capitalism for more than 45 years, is no longer in existence, let alone weakened. Consequently, the greatest motive for engagement in foreign affairs no longer exists. At the same time, Americans look inside their country today and find that it is suffering from problems, some of which resemble Third World problems. They also see that Japan and Germany, America's enemies in WWII, have achieved enormous economic progress and now have an edge over the United States in many fields. The focus of attention has therefore shifted to domestic problems.

This change occurred very quickly, directly after the collapse of the Soviet Union, the coup attempt in 1991, and the end of the Gulf War before that.

[Sadiq] How do you view the attacks being made against President Bush by his rivals regarding many issues, including the Gulf crisis and U.S. cooperation with Iraq before the invasion?

[al-Ridi] All of these attacks must be viewed in the context of the election campaign.

[Sadiq] The crisis is continuing between Libya and the United States and several other countries over Libya's suspected role in the explosion of the Pan American plane and the Security Council resolution issued in this regard. What role has Egypt undertaken to resolve this crisis?

[al-Ridi] Egypt has played a key role in averting the possibility of military action against Libya to solve this problem, and in channeling efforts toward diplomatic means and the employment of the United Nations and the Arab League as an alternative to military action by the concerned countries. Egypt cooled the crisis when it became very tense and everything was possible, including military action. Egypt is making intensive efforts to find a solution to this problem. The most recent developments in this regard are the decisions—which we heard about—that were made by the People's Congress that convened recently in Libya.

[Sadiq] What is the solution or way out?

[al-Ridi] I believe that the way out lies in continuing, and allowing more time for, contacts and efforts to solve the crisis and to implement the Security Council resolution. That resolution provides space for action to remedy the crisis and to avert the acute tension that has accompanied it.

[Sadiq] While in Washington, you witnessed the birth of the so-called new international order, whose main architect and builder is Washington. Where are the Arab countries in this new order? What must they do to assume their proper place and role in it?

[al-Ridi] Regional struggles and problems have begun to subside throughout the world. The world has begun to move away from ideologies and focus on economic progress.

However, I should qualify this last remark. The collapse of the Soviet Union and the existing order in East Europe and the Balkan Peninsula has given rise to new problems in this area, as we now see in what used to be known as Yugoslavia and several former Soviet republics.

Nonetheless, in general, longstanding regional conflicts, such as in Angola, Cambodia, the Middle East, and Central America, have been resolved or are in the process of being resolved.

On the other hand, if we look at the Arab world—and I am sure that there is something called the Arab World and the Arab order, we find that it is in a state of instability, disquiet, apprehension, and internal strife. We also find that the Arab world failed to adhere to a position to avoid slipping. The Gulf crisis to be exact—with its complications, meanings, and collapses—exacerbated these reactions and disturbances.

The Arab world is now searching for a framework in which to express itself, resolve its contradictions, and establish its order.

I might say that it is the duty of Arab intellectuals to absorb and study the experience of the past, and it has

now been almost 50 years since the Arab League was established. However, they have been largely absent in this respect. What has been done to date? What lessons can be drawn? What principles can be inferred to guide us in the next stage?

On the other hand, I almost believe that there is a contest between two forces in the Arab world. One force wants to push the Arab world toward joining the international order based on cooperation, integration, and economic growth. The other force is pulling it back and trying to inundate it with issues that were decided long ago.

Hence, there is a need for the emergence of a concept that can help bring Arab youths out of their pessimism, despair, and aimlessness to optimism, hope, and entry to the procession of progress.

I want to conclude this observation by saying I am convinced that what is now happening in Egypt in the way of progress, cultural, and economic achievement, harmonization with the exigencies of the era, renewal, modernization, and dialogue—I see in all of this a glimmer of hope for the emergence of this new concept, which can harness youth to the future.

[Sadiq] How does the Bush administration compare with previous administrations regarding U.S. policy on, and treatment of, the Middle East region?

[al-Ridi] The answer to this question is easy. President Bush's administration can be compared in this regard only to the administration of President Carter, who made an intensive effort in the peace process and achieved Egyptian-Israeli peace.

President Bush's administration, now and since it took office—I remember the visit by President Husni Mubarak, who was the first foreign head of state to visit the United States [after President Bush's inauguration] in April 1989. The two presidents held discussions, and President Bush committed himself to working to find a solution to the Palestinian problem and the Arab-Israeli conflict. This assurance was reiterated during the Gulf crisis.

President Bush kept his promise. We see the fruits of this in the current peace process, in which Secretary of State James Baker is playing a key role.

We recall that Secretary Baker visited the region eight times before managing to bring the parties together at the negotiating table.

Therefore, this administration is the best administration, which we can see with respect to the sentiments and hopes of the peoples of the region, and help in establishing peace and stability.

**'Mid-East Watch' Deputy Threatens Aid Cutoff**

92AF1227C London AL-HAYAH in Arabic 28 Jul 92 p 3

[Article by Muhammad 'Allam in Cairo]

[Text] Kenneth Roth, Deputy Director of an organization monitoring human rights in the Middle East, Middle East Watch, has threatened to take action in the United States and the countries of the European Common Market to halt the giving of aid to Egypt as long as torture in Egyptian prisons is not stopped. He attacked the Egyptian security authorities (State Security Investigators) for the random arrest of suspects for contraventions of internal security without recording them in the Egyptian prisons' files, and for the use of torture against them.

In the first precedent of its kind, entirely new in Egypt, Roth held a press conference yesterday in Cairo attended by AL-HAYAH and the Egyptian and foreign press corps to present the organization's report on "detention and torture in Egyptian prisons," entitled "Behind Closed Doors," prepared by Virginia Sherry the organization's deputy director.

Roth expressed his regret, in a speech given just prior to the start of the conference, that the Egyptian Government had not responded to the organization either by accepting the report or responding to its contents, though the report had been sent to it six weeks ago. He also criticized the Egyptian Attorney General, Councilor Raja' al-'Arabi, because he had not responded to the organization, although 16 specific incidences of torture were sent to him at his own request. "It is incredible," Roth said, "that taxpayers in America and Europe are financing police operations to violate human rights and use torture in Egypt." He explained that "according to European and American law, which links the giving of aid and the respect of human rights," the organization "would submit to them this request that aid should cease if the torture continues."

Roth derided the "Egyptian Government's continued denial of the incidence of cases of torture," voicing his view that "the continued denial will not stop the organization's monitoring of torture attempts that have already been recorded." He stressed that "judges, the attorney general's agents, and doctors have recorded cases of torture of people that have been freed," though he expressed regret that "there was insufficient proof of [the identity of] the torturers."

He expressed surprise at "the climate of tolerance on the part of the Egyptian Government towards the state security investigators," wondering about "the nature of the Egyptian Government's measures, that permit the use of torture."

He opined that "states of emergency, exceptional circumstances, and internal security conditions in Egypt, even in wartime, did not permit the use of torture against persons," saying that "international law and the Egyptian constitution strongly condemn torture." He called on the Egyptian Government to take legal measures against state security investigators who used torture against detainees.

Roth recorded the existence of "the practice of random arrests," indicating that "after meeting with prisoners, we did not find their names recorded in the prison computer," in addition to "preventing lawyers and the detainees' families from visiting them." He explained that "the organization's delegation, which had been at work since last February meeting with the Egyptian Interior Minister 'Abd-al-Halim Musa and Attorney General Raja' al-'Arabi, did not rely on everything that was said, but recorded only the incidents that were substantiated."

He added that "Egypt wanted to respond to us, as international law was harsher in human rights matters," mentioning that "Egypt was among the signatories of the two international covenants on political and civil rights."

However, he emphasized that "the report deals only with the practices of the state security investigators," explaining that "the Egyptian government with all its other agencies is not accused of engaging in torture." He said, "It is worth noting that the Egyptian Government cooperated, opened its prisons for us, and allowed us to meet detainees." He indicated that "the committee was unable to visit the Turrah Prison during its trip because of an internal strike there."

After Roth finished his speech, the proceedings of the press conference began amid a palpable feeling of provocation on the part of the Egyptian journalists, one of whom led off the conference by asking about Israel's terrorist practices against the Palestinian people and the non-stoppage of American aid to Israel despite the continuation of these practices.

Roth replied that that organization "had actually asked the American administration and Western Europe, to stop the aid, in accordance with the standards in force and alluded to previously." He said, "We have also asked that the loan guarantees be stopped, as assisting Israel with aid is a part of the violation of the rights of the Palestinians in the occupied territories," even though this question was "part of the Middle East peace process."

He indicated that the organization was about to publish a report on Israel's violations soon, making the same demand, the implementation of the Fourth Geneva Convention of 1949. He added that the organization had condemned the international alliance forces' random aerial bombardment of Iraq, as it had led to the death of two thirds of the [total] civilians who had been killed.



## Regional Affairs

### Algerian Foreign Minister Arrives in Cairo

NC1109072092 Cairo MENA in Arabic  
1602 GMT 10 Sep 92

[Text] Cairo, 10 Sep (MENA)—Algerian Foreign Minister Lakhdar Brahimi arrived in Cairo today on a visit to Egypt that will last several days.

During his visit, Brahimi will participate in the Arab League Council's meeting, which opens in Cairo on 12 September.

## Internal Affairs

### Minister on Extremism, Party Politics

92AF1100A Cairo AL-AHRAM AL-DUWALI in Arabic  
14 Jul 92 p 3

[Interview with Minister of Information Safwat al-Sharif by 'Abd-al-'Azim Darwish; place and date not given: "National (Democratic) Party Government Submits a Statement of Account to the Convention; Reformulation of Party Thought To Achieve a New Beginning"]

[Text] Conversation with an individual whose profession is information...a difficult task, especially when this individual possesses all the terminology and instrumentalities of his profession, even having mastered their use. Such was the conversation with Mr. Safwat al-Sharif, Minister of Information and Assistant Secretary-General of the National [Democratic] Party.

[Al-Sharif] Convening of the party's Sixth Public Convention next Monday acquires a special importance in light of the National [Democratic] Party's (NDP's) success in reestablishing its organizational framework from base to top by way of the ballot box. The social and political maturity Egypt has displayed in dealing with variables on the international, Arab, and domestic fronts has imposed the need for reformulation of the party program and thought substructure. Moreover, the actual accomplishments of the last 10 years have decreed the inevitability of this reformulation. Thus the importance of this convention: it will set the general foundations and principles of the NDP's new program, enabling the party to deal with variables on the international, Islamic, and Arab fronts and to deal with new data and achievements to ensure a new start in national performance. Members of the government—in their capacity as members of the NDP government—will submit a statement of account of their accomplishments that includes: what has been achieved from the recommendations of the Public Convention—a convention that grappled with the unemployment problem; what has remained unaccomplished of those recommendations and the obstacles to their implementation in addition to the many other achievements that exceed the boundaries of the Convention's recommendations. The NDP is honestly working to translate its motto: "Democracy...Development...Stability" into action, and it

operates in point of fact abroad and internally within the context of this motto. Moreover, the NDP believes in the prerequisite that the invariables of the higher national and ethnic interests of the people of Egypt are those that unite all parties. And we affirm positively that there is agreement on the national interests of the people of Egypt, for these are the invariables that unite all parties.... We are all Egyptians. The party is in need of a [spiritual introspection] so as to keep current its principles and general foundations, to produce a new conceptualization of the party program for a new beginning.

[Darwish] Does the NDP Assistant Secretary-General visualize no limits to the process of reformulating his party's thought and program, a program that was forged 14 years ago?

[Al-Sharif] No, on the contrary, there are limits to the reformulation process. These are the limits arising from public conventions in the governorates, from party experts in their diverse committees, from the reality of the broad infrastructure and conventions, from the reality of actual practice and the strides taken on the political, social, economic, educational, informational, artistic, production, and service levels.... From the reality of all of this, the NDP's new program will be reformulated.

### The Democracy of Election...and Choice

[Darwish] Apropos of the change that has taken place lately in the party's organizational structures by way of reconstitutive elections: this reconstitution was "incomplete" in the sense that confusion prevailed between election and choice. Why did this confusion occur?

[Al-Sharif] What took place in these elections was not a new fabrication we contrived; rather, the party has its own bylaw and charter. The bylaw and charter were discussed earlier and ratified by previous NDP public conventions. What took place was neither of the cultivation nor of the thought of the standing politburo staff or secretariat; you could not change it without recourse to the NDP public convention. There were several tests of the procedure for use of the democratic method in the selection of leaders, while simultaneously retaining party coherence and infrastructural integrity. The party's infrastructure has given rise to a bureau for infrastructural integrity at the [shaykhdom] or governorate administrative subdivision level, and selection was carried out from among a number of elected candidates, nearly all of whom won a similar number of votes; in other words, disparity in the number of votes was small. You thereby would have responded to the will of the people, which settled on this number of candidates, who came to represent the staff of a bureau...at the time, [shaykhdoms] or governorate administrative subdivisions...I would hasten to add that there would be little to gain if you had to choose, from amongst these elected candidates, [the individual] capable of assuming responsibility, and to allow for the opportunity should [that individual] fail...because change was linked to the convening of public conventions within the [shaykhdoms], governorate administrative subdivisions or provincial

administrative subdivisions, in which case you would experience party instability in these bases. And so you choose the leadership, the assistants and supervisors from amongst these, only to realize that they represent actual party leadership within the [shaykhdoms] or governorate administrative subdivisions.

[Darwish] In the context of the party's venturing to institute "elective democracy" in the process of its reconstruction: some would ascribe this procedure to the party's apprehension of further negative impact on its popularity as a result of party cadres' deviation from their commitment to "abide by" party nominees to the general election. This occurred because of dissatisfaction with these nominees; a situation that led to erosion of some...occupied by the party within the democratic institutions, and the "success" of the People's Assembly and the Shura Council.

[Al-Sharif] I believe this matter is far removed from the truth, though a grain of truth may be contained in it. Certain new party leaders have deviated from their commitment to the party by entering parliamentary elections, and have obtained the citizens' confidence. They are a part of the party, but have affirmed their devotion to it [as published]. We have not made a final decision against these people. The Party Chairman was keen that the designation be no more than an indicator, because the contestants were of one party, owing, as we know [as published], to the fact that the playing field was before the NDP and the independents, and nothing existed which would have obligated us to be decisive in naming the party candidate to the exclusion of others. However, when an electoral campaign exists—and how we wished one actually did!—with all parties taking part [as published]...We are always pleased with that and welcome it, because it gives excitement to the elections. When such competition exists, settlement is decisive and clear, and party commitment at the time asserts itself and none deviate from it. The designation in the latest elections was merely an indicator, but the party's will decreed that new leaders be categorized, leaders who would assert themselves because of the people's confidence in them.

#### Statement of Account

[Darwish] Whereas any party's public convention represents the highest party authority, and hence the public convention's closing statement represents the party's commissioning of its executive wing—the government [as published]. What has come to pass with regard to the Fifth Public Convention's commissioning of the party government on the question of unemployment, a topic that the public convention held nearly two years ago had taken up? In other words, what does the "statement of account," which will be posed to the Sixth Public Convention, hold for the issue of unemployment?

[Al-Sharif] Exceedingly significant accomplishments were realized during the period spanning the times of the two conventions. Because its recommendations are binding to the government, the public convention is held

accountable for every accomplishment realized. The government is that of the NDP Party, and the party's Control Department prepared the convention papers discussed by the diverse committees, and they discussed what was and what was not accomplished [as published]. Mr. Kamal al-Shadhili, party Assistant Secretary-General and Control Department Chief, had instructed the ministries, and a date was set for presentation of ministers' statements before the committees. The ministers will present their statements to the committees with the aim of clarifying what was and what was not accomplished, and the reasons and impediments thereto.

[Darwish] Would the phase following the NDP's public convention be the setting for a closer rapprochement between the party and opposition parties?

[Al-Sharif] There is no relationship between either the public convention or party thought to [the issue] you raise here. However, the NDP believes altogether in party plurality, in the role of parties within the national arena, and in the importance of invariables pertaining to the higher national and ethnic interests of the people of Egypt...invariables that bring together all parties and on which all party programs concur. In other words, agreement exists on the ethnic interests of the people of Egypt, and invariables exist which unite all Egyptian parties, casting them in one party "boat"; however, these parties differ in their methods and theories of application. It is admissible that we differ about other matters [as published]. When a public issue exists, you will find all parties taking a single stance, because everyone feels that the issue should be dealt with at a national level, and not at the party level alone, and that one party should not itself grapple with the issue while other parties stand by as spectators. An example of this is the extremism problem, where all parties have played their roles. The [New] Wafd Party has its role and history of grappling with this problem, as do the NPUG [National Progressive Unionist Grouping Party] and the NDP. [This is so] because we may differ on the means of confrontation, but never on the principle.

#### Extremism

[Darwish] With reference to the extremism problem: certain opposition party leaders have ascribed intensification of this phenomenon to a lack of political dialogue between the NDP and opposition parties.

[Al-Sharif] No, intensification of this phenomenon is ascribed to a lack of dialogue between all parties and extremist thought, because all parties should have competed to win over and emend this thought through their programs, and to absorb and fill the political and intellectual void in youths' lives. Were most of the opposition parties of more profound vision in means of dealing with youth, they might have spared them the recourse to extremist thought.

[Darwish] Is it perhaps possible to consider this a candid admission from the Assistant Secretary-General of the ruling party that his party's initiative with regard to this issue was not as effective as may have been hoped for?



[Al-Sharif] On the level of party infrastructure, it was possible that [it would] have been more effective because of it being a party with more scope. This does not negate its playing an important role; it could have played a more significant role, but it was in the playing field and in action. But there is a [unintelligible word] that the NDP Government, with all its potentials and resources, is commissioned by the party to undertake this role, because the NDP does not possess all the necessary potentials and instrumentalities to do so itself. This is so because when a party is in power, it possesses the mechanisms of implementation, including lawmaking, information, education, schools, mosques, etc. In other words, the lawful organization is the one that bears the burden, and bears it with the thought of the NDP, since it is the ruling party. When another party follows, it subjugates those institutions to this thought [as published]. Consequently, it follows that you should not hold the party alone accountable; rather, hold the party accountable in the context of the institutions the party works alongside in its capacity as the majority party.

[Darwish] If, as you say, there exist invariables that bring together the NDP and other opposition parties: Does this not prompt the NDP to formulate and adopt a national program that integrates the efforts of all these parties in confronting the problem of "extremism"?

[Al-Sharif] Egypt is a vast and stable country with a population of 57 million. With its own free will, it has adopted a democratic system with the plurality that is before you...a plurality organized by institutions, free elections, parliamentary and shura councils, and executive and judicial powers having their own reverence and role...The most enduring state and the most time-honored government...A state that synchronizes the rhythm of its political and executive performance, and whose institutions are stable. In dealing with a problem such as extremism, others misconstrue freedom of the press and freedom of opinion, the role of the intellectual, the writer, and Egyptian parties as indicative of existence on a crater; in truth, however, we deal with those problems from multiple perspectives and with an open mind, because a nation such as Egypt has different educational and social levels, as well as different perspectives. However, ultimately, all of them are agreed on given invariables in that the use of force, extremism, carrying of weapons, or actions contrary to legal practice are repudiated. Yet there exist other opinions and discretions. Let these discretions be accepted in a society that wished, on the strength of free choice, a system that is the true safety valve against extremism, corruption, and anyone who seeks to harm this country. Some misconstrue the magnitude of confrontation of terrorism in Egypt, perceiving it as like any other confrontation anywhere, but less intense than what occurs, for example, in Italy, France, the United States, Israel, or other Arab countries. There is no comparison between what happens in Egypt and in any other Arab country, for we are not Algeria, nor are

we the Sudan. Our country is open and respectful of all principles of the veritable and proper Islamic religion.

### Expert Analyzes Extremist Organizations

92AF1153A London AL-HAYAH in Arabic 29 Jul 92 p 8

[Article by Halah Mustafa]

[Excerpts] Observation of the organizational evolution of contemporary Islamic groups reveals the emergence of two groups that to this day occupy a central position in the field of armed struggle. These are the "al-Jihad Organization" and the "Islamic Group." Although the acts of violence which Egypt witnessed in recent years point to an escalation of the Islamic Group's activity in contrast with the declining al-Jihad Organization's activity, this does not detract from the importance of the central role the latter has played, whether on the intellectual or organizational level, in the history of the formation of the contemporary violent groups. Therefore, reading the thoughts of both groups is of particular importance in defining the outlines of the thoughts of the violent Islamic groups.

From the outset it can be said that there is a wide range of ideological agreement between both groups, especially with regard to contemporary issues. [passage omitted]

The thoughts of the two groups can be identified with regard to the following issues:

### The Attitude Toward the Political Situation

Both groups agree on proclaiming the "infidelity" [takfir] of the basic thought on which the political regime is established. The groups point out that the regime is "secular." With regard to secularism, the "Islamic Action Convention," a document published by the Islamic groups, says: "The hateful secularism has been foisted upon us and forcefully implanted in our upbringing. As a result, it has produced these ignorant and infidel regimes that have substituted God's laws with the devil's laws." The al-Jihad Organization concurs with this stand in that it charges the political regime with infidelity because, from its standpoint, it adopts secularism which it describes as "ignorance" [jahiliyah]. The al-Jihad Organization's documents say that "the ruling regime in Egypt is ignorant and infidel like all the regimes that have adopted secularism as a course and renounced the rule of Islam."

Both groups proclaim the ruler and the ruling elite as infidels. They both describe this elite as the "abstaining faction" [al-ta'ifah al-mumtani'ah], that is, the ones who abstain from applying the laws of Islam laws or part of them. The two groups agree that the ruling elite is an "apostate" faction and, therefore, should be fought against. In the documents expressing its views the al-Jihad Organization says that "like the rulers, it is an apostate faction because it supports and backs the ruler and submits to his rule." Therefore, it is incumbent upon the Organization to fight them the same way it fights against the apostates. The Islamic Group adopts the

same stand, in that its documents stress that "this group that is abstaining from implementing the Islamic laws should be fought against."

Both groups call for the need to rise against the ruler and the ruling elite. In one of its booklets the al-Jihad Organizations says: "Fighting against those rulers and governments is the duty of all Muslims, each according his capabilities. The offense of neglecting this duty is absolved only by rising and toppling these ignorant and agent governments, and replacing them by the rule of Islam." [passage omitted]

In this regard, both groups raise two issues: The first concerns the source of legislation on which the regime depends, and the second concerns the character of the regime which, in their view, is represented by democracy.

With regard to the first issue, al-Jihad Organization's documents say the mere fact that the rulers seek recourse in subjective laws and abandon government in accordance with God's laws is clearly "an act of infidelity." [passage omitted]

With regard to the other question concerning democracy, both groups reject it absolutely. Indeed they consider it contrary to belief in the unity of God [tawhid]. Al-Jihad Organization's documents say that "democracy is the rule by the masses and deification of man; it is partnership association with God [ishrak—in His creation and rule]. The difference between democracy and tawhid is that, in the latter case, legislation is put in the hands of God while democracy is rule of the people in the people's interest. The legislator in a democracy is the people whereas the legislator in the tawhid is God. Therefore, democracy is a partnership association with God because "it takes away from the Almighty the right of legislation and gives it to the people." Therefore, the al-Jihad Organization "sees no legitimacy in establishing an Islamic state by joining the existing opposition parties or participating in the existing government in order to bring about change through the People's Assembly." The Islamic Group maintains the same stand, in that its documents say: "In an Islamic society there are only two parties: The party of God, the establishment of which is a must, and the party of the devil, the establishment of which is prohibited. Democracy does not belong to Islam and there is absolutely no relationship between democracy and shurah [consultation]." [passage omitted]

#### The Method of Change

Proceeding from these views of how these two groups see the political reality in Egypt, the consensus is that violence is the basic means for radical change. Al-Jihad Organization's documents stress that "the policy of conducting a coup characterizes the group's movement toward achieving its objective—namely through Islamic revolution against the ignorant regimes in the country. Thus we reject partial solutions that aim at gradual application [of Islamic laws] or only the application of the penal code." [passage omitted]

Consequently, the Islamic Group defines its method of action in three things: The Islamic call, encouraging good deeds and shunning evil, and struggle [jihad].

It is a known fact that the principle of encouraging good deeds and shunning evil is applied violently by the groups. They have repeatedly carried out violent actions against individuals with the aim of changing social behavior by force. The Group says: "We are in need of encouraging good deeds and shunning evil, for otherwise we will be overwhelmed by corruption and our endeavors will be undermined. There is no justification to apologize for carrying out the legitimate duty of encouraging good deeds and shunning evil on the grounds that we are in a weak position." When asked about the right to use force as a means to correct misbehavior by individuals by deliberately smashing an individual's car, breaking a musical instrument, or attacking a drunkard, for example, Shaykh 'Umar 'Abd-al-Rahman, the mufti of the Group, replied: "Yes, this is permissible. Indeed it is the duty of the society's individuals to take matters in their hands to eliminate evil. This does not depend on obtaining approval of the people in authority." [passage omitted]

Both groups pursue this method of change in order to achieve their ultimate goal, namely to establish "the Islamic Caliphate" which, in their view, is the only ideal solution for the problems of the terrible injustice and poverty from which humanity suffers today, as they put it. [passage omitted]

#### Attitude Toward Contemporary Problems

On the foreign level, some of the contemporary issues are the center of focus in the thoughts of both groups. These can be summed up in three issues: The West and Western civilization, the Arab-Israeli conflict, and the Islamic revolution in Iran.

With regard to the first issue, both groups adopt a hostile attitude toward the West and Western civilization which, in their writings, epitomize "ignorance, infidelity, unbridled materialism, and criminal ideology." The principles on which this civilization is based are described as "false slogans such as human rights, world peace, freedom, fraternity, and equality." The groups come to the conclusion that there is need to eliminate it [Western civilization], and characterize it as "a sick man on his death bed."

The distinctive features of the Islamic struggle are defined within the context of this conflict with Western civilization. The al-Jihad Organization's documents say: "The Islamic-Western conflict is of particular priority in Islam and the al-Jahiliyah plan. The conflict is included in the transformation plan to establish the nucleus [Islamic] state. It is also included in the plan for the total domination by Islam which will be established only on the remains of Western age of ignorance."

But despite this hostile attitude toward Western civilization, these documents have no objection to benefitting

from its material products. In his writings, one of the group leaders says: "We are not condemning the contemporary materialist civilization, as Shaykh Sayyid Qutub [early twentieth century Islamic thinker] said. This is because we are creators of part of it. Indeed, were it not for us this civilization would not exist in the first place. But we want to subject this materialist civilization to the divine course that protects the material by divine morals."

The Islamic Group adopts a similar attitude toward Western civilization in that it describes it in its writings as being "in a state of ignorance, spurious, and seditious." They believe that an Islamic caliphate is the only way to remove subservience to it.

With regard to the Arab-Israeli conflict, al-Jihad Organization's documents say that one of the reasons that compelled the Organization to assassinate President Anwar al-Sadat in 1981 was his alliance with the Jews and his signing of the Camp David Accord.

Conflict with the Jews is "a struggle of destiny for which there is no solution except jihad." The Islamic Group says "the slogan of Arab-Israeli conflict has failed to restore the land and preserve the holy places in the past 40 years. Victory against the Jews can be achieved only after the concept of the conflict is changed so as to come face to face with it and prepare for it on the basis that it is an Islamic-Jewish conflict."

But despite these hardline stands on the question of conflict, the issue in its entirety is deferred because no Islamic state exists yet. As the documents issued by the two sides indicate, permitting struggle against the Jews can be done only under the banner of a state that implements Islamic laws. On the other hand, these documents reject all the political attempts being made in the Arab arena that aim at settling the Palestine problem.

Finally, we come to the question of Iran's Islamic revolution which, in the opinion of the two groups, is a splendid model and a sublime example of "revolutionary" action. It is stressed in this regard that there is need to support this revolution and to glorify it, despite the reference to difference with the revolution's Shi'ite ideology and beliefs.

The Islamic Group say that it is trying to benefit from this revolution's example, and describes the situation in Egypt as being greatly similar to the situation that existed in Iran prior to the revolution.

#### **Scholars Discuss Islamism, Extremism**

92AF1095A Cairo AL-JUMHURIYAH in Arabic  
17 Jul 92 p 7

[Article by Mujahid Khalaf: "How Can You Be Religious And Not Be Accused of Extremism? There Is Still No Definition of Extremism and Moderation! The Problem Stems From Confusing Extremism With Being Religious"]

[Text] How can a person be religious without being accused of extremism? That question is paramount now that extremism is a common accusation, which also brings numerous other questions to the fore. At what point does piety end and extremism begin? Are there religious or social standards that can be used to gauge moderation and extremism? Has the spread of moral laxity impacted society negatively or positively? Are piety and extremism measured in relation to the propensity for intellectual and behavioral Westernization?

AL-JUMHURIYAH posed those questions to a number of 'Ulemas and scholars of education in an attempt to resolve the dilemma and shed light on all its aspects at this sensitive point in time.

Dr. 'Abd-al-Sabur Shahin, professor at Cairo University's Dar-al-'Ulum College, says that the issue has become extremely confused since a person cannot be religious without being accused of extremism, unless his piety is negative and solitary and he is interested only in correcting his relationship with God without involvement with the society around him and with no interest in helping other people with their situation.

He added: "This cannot be in conformity with Islam as a religion. Islam can not be shut in within the four walls of a mosque as some people may imagine. Religion is in mosques as well as in homes, streets, offices, and schools, etc. The Prophet said "The World is my Mosque." A mosque does not just mean prayers and rituals. It means the practice of religion on the widest possible scale and in its full Islamic sense."

Dr. 'Abd-al-Sabur Shahin believes that the problem is primarily economic and political and has nothing to do with religion.

Dr. Sa'id Isma'il 'Ali, professor of education at 'Ayn Shams University and president of the Modern Education Association, says that the concepts used in this context are clearly confused, especially where they involve piety, extremism, and deviation.

He says: "It is improper to use the term extremism in a religious context. Extremism means exceeding desirable limits. If Muslims at prayer are required to kneel a certain number of times and then exceed that number, that would be extremism in the common sense of the word.

"Indeed, that excess is desirable and cannot be cause for rebuke. In that sense, religious extremism is no reason at all for denunciation."

He explains that the core of the problem is that the word extremism is now being used to describe the use of violence in the name of religion. Deviation would be a better word. If extremism is used in the sense of excess [zeal] in religion, then there is also irreligious extremism, meaning manifested depravity, debauchery, degeneracy, etc. We must then ask: "Is this not extremism also?"

Dr. Sa'id Isma'il adds that deviation must be in relation to a standard. If there is general agreement, i.e., by a majority of people in the nation, on a certain limit, then exceeding that limit or ignoring it would be deviation. The problem is that there is no unanimity, or even a public opinion, on the middle ground. This brings us to the fact that society must have its own identity and its own brand of civilization which would help define a standard by which to determine whether deviation exists or not.

### The Real Reason

Dr. Muhammad Salah al-Din al-Sawi, professor at Pakistan's World Islamic University, says that extremism is a charge usually leveled by opponents. Besides, there is no single standard that can be used as a reference in this regard. The variety of standards is caused by two legitimate but conflicting forces in our society—one is Islamic and the other sectarian. Matters are therefore judged from two opposing points of view. One party defers to Islamic Shari'ah as a reference and believes that extremism means contravening Shari'ah. The other party recognizes only legislated and common laws. Let us take a veiled woman as an example. The other side would consider her extremist because she does not conform to prevailing social customs. The same would apply to unshaven youths, etc.

### True Extremism

Says Dr. Salah: "Extremism in religion may be defined as perversity in the performance of prayer rituals, denying others their viewpoints on matters of personal discretion, or overstepping Shari'ah limits for correcting a transgressor.

"What constitutes perversity is clear. The Prophet said, 'Workers of perversion are lost.' He repeated this condemnation three times. However, with regard to denying others their viewpoints in questions which are, indeed, matters of individual discretion, we must differentiate between two parts of the law, between the given and the derived interpretations.

"The given aspects of the law must be accepted without dispute, for whoever departs therefrom strays into heresy and divisiveness. The derived aspects of the law, however, are those which are subject to individual discretion and independent judgement. Their origins do not exclude differences of opinion; and since these aspects of the law do not count on the Day of Judgement, it is said that whoever slams the door on these differences of opinion is a monster." As to overstepping Shari'ah boundaries through one's intolerance of differences of opinion, Dr. Salah al-Sawi says: "Intolerance is bound to be present to the extent that it agrees with Shariah law and corresponds to the age of accountability and fits the degree of the infraction; however, it must differentiate between the official standards and popular notions."

### A Sound Standard

On the possibility for devising a standard to be used in that context, Dr. Salah emphasizes that standards would be devised by societies founded on Shari'ah and devoted to God's commands, but that they would be difficult to define where man is given free rein in all matters.

### The Reason for the Vacuum

Dr. Sa'id Isma'il believes that nothing is impossible and that such a standard could be achieved provided one basic condition is met—that everyone would be allowed to debate using all means and speaking from free pulpits. No one movement should be allowed to prevail, regardless of how popular or unpopular it is. It is to be noted that man must live under a common religion and that if he cannot find in his club, his school, and his information media, he would be living in a vacuum and would consequently seek to fill that vacuum himself. That vacuum could also just as easily be filled by another force.

We have to be certain, according to Dr. Sa'id. The lack of a good and sound standard makes it easy for other models to take its place because man always tends to seek role models.

He emphasizes that those with divergent viewpoints must be given opportunities and guarantees to express their opinions. A man should not be fought, subjected to force, or accused of disloyalty, treason, or being a foreign agent just because he expresses an opinion. That is one type of terrorism and is just as unconscionable as heresy.

Adds Dr. Sa'id: "If this were to happen and we exercised patience, because it might take a long time, we are certain to arrive at a minimum of agreement."

### Degeneracy Has a Function

Dr. 'Abd-al-Sabur Shahin emphasizes the need for such a standard because judgments continue to be made without the benefit of specific rules. Individuals are being called extremists because they exercise their parliamentary rights, as happened in Algeria. No man who opposes extremism has been yet able to find a standard by which to judge extremism.

On the impact of westernization in this context, Dr. Shahin says: "Ruling regimes sometimes resort to cries of immorality in order to fight so-called extremism. I remember that a group of actors traveled to a certain region for such a purpose but instead of fighting extremism they added fuel to the fire. They were not there to debate or to reason. Rather, they used immorality to challenge youthful propensity for reform movements."

To resolve this crisis, he says, "a new spirit should prevail in realms of religion and of social discourse. We allow that Islamists are being treated unjustly when they are denied the right to express themselves. Islam is not a ministry but a popular movement that should be allowed

freedom of expression without intervention by those who have no understanding of it or who wish to distort its objectives. All of us have no objective but the interests of the people. This is the common ground among the various antagonists."

He adds: "We must recognize that the appropriate infrastructure for youths is the objective. The youth of our country should be reinforced with more freedom and should given an opportunity to have their own representatives in the arena just as we previously allowed the Communists and currently allow the secularists. The political decision must take those interests into consideration as well.

"Youths do not have to wear [Western-style] hats to be patriotic. They only need to target the interests of the nation."

#### **Internal Feud Among Jihad Members Reported**

92AF1227B London AL-HAYAH in Arabic  
23 Aug 92 p 5

[Unattributed article reported from Cairo and Asyut]

[Text] A gun battle took place over Friday-Saturday night between two groups of religious extremists in the village of Sanbu in the Governorate of Asyut, resulting in the death of the father of one of the al-Jihad group's prominent members. One security source told AL-HAYAH, "There was a dispute between two factions of al-Jihad members in the city of Dayrut, because one of the members of the group, Farraj 'Abdallah 'Abd-al-Nabi assaulted a girl from the village of Sanbu and beat her violently, on the pretext of bad behavior. He had "ruled" that she should be killed in the streets of the village, "for her to be an example to all the young women of the governorate." Her family, however, was able to save her before the judgment could be carried out, and sought help from another group of extremists. They lay in wait for Farraj's father, 'Abdallah, in one of the extremists' areas in the village, opened fire on him, and he fell down dead. The source added that the extremist's father "was armed, and the attackers exchanged gunfire, but he was killed before being able to flee or defend himself."

The source confirmed that this was the first incident of its kind in Asyut, as extremists had not previously fought one another with firearms. He went on, "It appears, in this incident, that certain principles divided rather than united them, and that they wanted to impose their control and criminal methods on society by force." Security forces surrounded the village to prevent the occurrence of more fighting and victims among the extremists. Councilor Muhammad Husayn al-Yamani, District Attorney of Asyut, listened to the account of 'Uyun, the victim's son, who said that his brother Farraj belonged to the al-Jihad organization, and had taken part eight months ago with Shaykh 'Arafah Darwish, the group's leader in Sanbu (killed several months ago), in an attack on a girl and boy in the area of the Bani Hilal Cemetery belonging to the al-Qusiyah station, for having

committed indecent acts. 'Uyun added that his brother Farraj had fled since the Sanbu incidents in which his friend Shaykh 'Arafah Darwish was killed, and did not know where he had gone.

On another front, security forces in Asyut arrested a large number of suspects in the village of Bani Qurrah after seizing a quantity of weapons in the home of the group's leader there, Farghali 'Ali 'Abd-al-Rahman, who fled before forces arrived in the village, leaving automatic weapons, and boxes of explosives and ammunition in his house.

In Asyut, the prosecutor continued its investigations into the killing of the a-Jihad leader in al-Qusiyah, Salim Sarimani, and heard the accounts of a number of security officials, among them Major General Muhammad Shahatah, Assistant Director of Security for the Northern Division, who said that they were surprised by the leader and his group opening fire on the security forces, who were compelled to respond in kind. The battle ended with the killing of Sarimani.

In Qina, security forces continued their search for the suspects that had taken part with Hamdanahu Qasim in the attack on a tourist bus carrying 31 French people. The forces were able to arrest two extremists, Ahmad Ata 'Abd-al-Jabbar and Muhammad Mahmud, in the mountainous area where they were preparing to flee to al-Ghardaqah and from there to Sudan.

#### **MB Supreme Council Deputy Head Interviewed**

92AF1201A London AL-HAYAH in Arabic  
23 Aug 92 p 14

[Interview of Mustafa Mashhur, deputy of the Director General of the Muslim Brotherhood in Egypt, by 'Umru 'Abd-al-Sami'; place and date not given]

[Excerpts] Mustafa Mashhur is the deputy of the Director General of the Muslim Brotherhood [MB] in Egypt. He is 72 years old, and has spent 55 of them as a member of this organization.

He comes into this group of dialogues discussing all the political and intellectual issues current on the Egyptian scene, reflecting some of the views of his moderate Islamic movement on the issues of party representation, cultural struggle, sectarian conflict, Islamic divisions at the theoretical and policy levels, relations among political regimes in our Arab world, and the chances for conflict or cooperation in light of them.

The text of the interview follows.

['Abd-al-Sami'] Some observers have noted that recently the Brotherhood has not wanted to distinguish itself sufficiently from extremist Islamic groups such as the Islamic League or al-Jihad. It used to strive intensely to do this in the past. What is your assessment of this remark?



[Mashhur] The Muslim Brotherhood is not new on the scene. It has been here for approximately 64 years. Everyone knows its moderate ways and its distance from violence and extremism. To make this accusation against it is meaningless. [passage omitted]

[‘Abd-al-Sami’] Many times it has happened, that a faction of the Brotherhood decides to submit an application to establish a political party, but it has not come to pass. Have there been differences among the Brotherhood?

[Mashhur] We are, basically, a group and not a party. The idea of our demand to be a party has come up, so that we may pursue our activity legitimately, according to the qualifications to obtain offices and permits to publish newspapers and so on.

But we were surprised by the government saying that it would not permit the formation of a party on a religious basis, because if it allowed an Islamic party, this would encourage the Christians to demand a party, which would cause the sectarian conflict to grow. That is absolutely untrue. There are Christian religious parties in Europe, and there has not been any sectarian strife.

[‘Abd-al-Sami’] So you go along, then, with the formation of a Christian party in Egypt?

[Mashhur] Yes—why not?!

[‘Abd-al-Sami’] Europe, which you were telling me about, has achieved such a degree of economic, social, and intellectual progress as to allow political controversy and conflict to go on there chiefly over economic and social interests. Whereas here in Egypt, these interests have not crystallized, nor has the political expression of them, which would make the struggle between religious parties a religious rather than a political struggle.

[Mashhur] More than 95 percent of the Egyptian people are Muslims, and the government’s policy must be in harmony with this majority. It is unreasonable for a minority to impose its policy and principles on the majority, especially as Islam protects these minorities, gives them their full rights, and never harms them. [passage omitted]

[‘Abd-al-Sami’] It has been remarked that tension is a general characteristic of the relations between governments and Islamic movements in numerous Arab countries (Algeria, Tunisia, Egypt, Mauritania, Jordan, Yemen). How do you explain this?

[Mashhur] My explanation is that the primary enemies of Islam are the Crusaders in the West, and the Zionists.

They have a hostile spirit towards Islam, and have seen that the Islamic movement is progressing in the world, getting closer to power, and winning elections; and that if this movement attains power, it will prevent these Crusaders and Zionists from exploiting our resources and potential.

So began their pressure to contain this movement. But they will not be able to stop its growth, because it represents God’s call—“They want to extinguish God’s light with their mouths, and scorn God, but His light persists despite the hatred of infidels.”

They put pressure on governments and scare them with Islamists, and try to portray us as more dangerous than communists. The governments, in turn, put pressure on us, especially as many Arab governments are strangled by their need for Western economic assistance, wheat, and so on. Islam is not like Christianity, with worship and monasticism, period—it is a complete life system, regulating its political, economic, and social affairs. Why should we abandon God’s system and go looking for socialism, nationalism, or any other system invented by weak people?

We have seen the result in Russia and other communist countries.

[‘Abd-al-Sami’] When the slogan “Islam is the solution” was used politically in Egypt for the first time, in the parliamentary elections of 1986, it was rooted in the public mind that it was an abstract slogan, lacking many details, among them the subject of the Islamic economy, and the “fund investment firms” that brought about the greatest fraud ever with an Islamic slogan. Why has the Islamic movement not made the effort to clarify the details of its program?

[Mashhur] Islam is not an experiment we are trying for the first time. It is a way of life that has made humanity happy for long centuries; even Europeans migrated from their countries and came to Islamic countries to enjoy the security, justice, and freedom of this Islamic system.

The election program is always a general program, and cannot go into details, because theoretical details change with changing times and circumstances.

When we will be able to apply [it], you will see the appropriate details of it all.

The appearance of some of those who founded fund investment firms and used them to damage people and the faith is not a standard for government with the slogan “Islam is the solution.” The standard is the past application of Islam in history, and contemporary applications, if there are any, actually.

We do not demand the implementation of the program all at once, but that every institution, every agency, and every ministry apply it gradually.

### The Iranian Model

[‘Abd-al-Sami’] Perhaps the real conflict was between the Brotherhood and the ruling regimes in the struggle between two ideas of the Islamic state and the civil state.

[Mashhur] People who oppose the Islamic movement say that if it comes to power, it will establish a religious government with divine authority, as happened in

Europe. Our government will not be a government of clerics, but a government of specialists in every field who would act in an Islamic context, in which the admissible and the inadmissible would be clear-cut. It would be a civil government, but in the framework of the canonical law of Islam, and within the limits permitted by Islam.

[‘Abd-al-Sami’] The comparison your adversaries make is not between you and Christian Europe in the Middle Ages, but the comparison between you and the practical model recently achieved—the Iranian system.

[Mashhur] Do not take Iran as the sole model for applied Islam. They have their sect and way of doing things, and principles, many of which we do not go along with.

Our Islam is Sunni, as taken from the Koran and Sunnah; that is what we seek, and we draw no comparison between what happened in Iran and what we are asking for.

If the Islamic Government we want were realized here, it would not be like the Iranian government. However, there is an aspect of the Iranian Government for which they deserve credit, which is the ban on liquor, gambling, and usury. As to matters open to independent judgment, the flexibility and validity of Islam for every time and place admit the possibility of our disagreeing with them on those.

[‘Abd-al-Sami’] How does the Brotherhood regard the new Islamic movements that are constructing a program different from the Brotherhood’s, such as Ennahda in Tunisia, Salvation in Algeria, and the Islamic National Front in Sudan?

[Mashhur] It is certain that the conditions in each country have an effect on the makeup of the Islamic movement inside it. Additionally, the people in charge of the Islamic movement have, themselves, a role in each movement’s being different from the others. Our way in the Brotherhood is a moderate way, believing in patience and gradual change, not the way of military coups, the use of force, inciting the masses, or populist ideas. [passage omitted]

This method does not suit us in Egypt. We promise people only what we can deliver, and we employ the slogan “Islam is the solution” to rise to power gradually, after 15 years at least. Our program is based on educating and preparing the people.

[‘Abd-al-Sami’] You are coming to power gradually and by peaceful means, but others, in Sudan, came by military coup, executed people, and violated their rights....

[Mashhur] We had a disagreement with al-Turabi. He is a man who cares about the masses more than educating and preparing individuals. Al-Turabi wants to obtain power quickly. We know that every country has its own circumstances. Prior to al-Bashir’s coup, Sudan, in the days of al-Sadiq al-Mahdi, was in very poor shape; Garang was threatening to destroy Khartoum and seize

it. When the coup took place, it gave the people some security, and the fear of the Garang nightmare was reduced. [passage omitted]

Perhaps the Sudanese found that the democratic way was incapable of dealing with the situation in their country, particularly as their country has complex tribal and pagan circumstances, and diverse political inclinations, from communism to nationalism and others, which imposed an ignorance of democracy in the early period. Even so, we rejected this and said there is an Islamic way that requires the existence of parties and newspapers and other things.

We, then, do not support them completely, nor are we against them, but we advise and warn against any excess or contravention of Islamic law.

[‘Abd-al-Sami’] But beyond Sudan’s borders, the ruling Front engages in two behaviors, of which we would like to know your opinion.

[Mashhur] First of all: it is dialogue with the fascist powers in the Arab world, the nationalists, especially aspiring that the grouping of these powers under its leadership is the way to keep the nation from stumbling.

Second, it was carried away by its populist and mass ideas, imagining that armed extremist and political groups were the masses, so it joined them and supported them.

The Front aligned with Saddam, and we did not go along with that. We were against both Saddam and the foreign presence. We were against the positions of Sudan, Yemen, and Jordan.

On the other hand, we are not with nationalism, Nasirism, and other such movements. We have only Islam. If the dialogue was between the Front and any party on putting Islam into practice, then we support and encourage the dialogue.

Otherwise, our position on nationalists and Nasirites is perfectly well known.

We have a Muslim Brotherhood movement in Sudan. They are distinct from al-Turabi’s line; they adhere to the Brotherhood’s line, which is Islam. [passage omitted]

[‘Abd-al-Sami’] I know how sensitive you are about police reports, but this was something mentioned recently in statements of sources in the Egyptian Foreign Ministry and the Secretary-General of the ruling party in Egypt.

[Mashhur] What I know is that the camps in Sudan are intended to train Sudanese youth to bear arms, to strengthen the Islamic wing of the army. As you know, a large part of the Sudanese army is pagan.

As to whether there are non-Sudanese elements in these camps, we object—we do not do that at all.

[‘Abd-al-Sami’] Do you not think of timing the Tunisian and Egyptian announcement about al-Turabi’s attempts to interfere in both [movements]? Is it possible that both governments agreed, suddenly, that al-Turabi was the source of the terrorist interference from outside the borders?

[Mashhur] We know, anyway, that the Ministries of Interior in the Arab world communicate with one another, and coordinate closely, and so, with the question of simultaneity, it is not far-fetched that they would have agreed on it.

[‘Abd-al-Sami’] Why did the two governments agree on al-Turabi specifically?

[Mashhur] We neither encourage nor approve, in all cases, of their undertaking to train people from other countries, and encouraging them to use bullets against their governments. We do not approve of this, if indeed it is true.

#### Dialogue With the Copts

[‘Abd-al-Sami’] One individual from the Brotherhood has undertaken a dialogue with a number of Coptic intellectuals. How do you assess this dialogue gambit and its results?

[Mashhur] I did not take part in it, but it was aimed at correcting some Copts’ idea of the Brotherhood’s view of the sectarian conflict. The Brotherhood’s stand, in the eras of all its leaders, has revolved around this.

I entered a dialogue with Pope Shanudah after the death of ‘Umar Tilimsani. When I went to the Patriarchate to thank him for his condolences, he said that the Muslims had saved the Copts from the oppression of the Romans when they came to Egypt, and that the Muslims and Copts had lived in peace for 13 centuries. But it was al-Sadat who kindled the conflict, saying that we wanted to establish a state with its capital at Asyut. That is untrue, and Shanudah was proud to refute it. I asked him whether he had ever read the book by Roger Garaudy, *The Israel File*, which mentioned that in the 1970’s Egypt would be divided into a Muslim state and a Christian state as part of a Jewish Israeli plan, and he denied it, and said, “I would like to tell you that the Jews are our enemies just as they are your enemies.” When I alluded to the relations between them and the Pope of Rome [sic], and his absolving them of the blood of the Messiah, Shanudah said, “We disagree on many things with the Pope of Rome.” The Pope said the same thing in a dialogue between Muslims and Copts recently held at the Egyptian Engineers’ Syndicate.

I watch with concern what is being planned for Iraq now—its partition into a Sunni country, a Kurdish country, and a Shiite country. And I watch with concern at the repeated sectarian incidents in Egypt. I think foreign forces are manipulating them. So we wish to deny [the existence of] any natural conflict between Copts and Muslims. We insist that it is fabricated.

[‘Abd-al-Sami’] What is your view for ending the sectarian tension in Egypt?

[Mashhur] What happened in Dayrut was an ordinary family quarrel; it happened to be between Copts and Muslims, but the entry of extremist elements into it turned it into a sectarian conflict. We do not approve of this escalation, but new Egyptian amendments to the law will not put an end to these phenomena. This method will never eliminate tension—it will increase it, because it gives the police broad powers.

[‘Abd-al-Sami’] How can we ask the police to achieve security, then demand that we not give them the powers to get that done?

[Mashhur] This achieves fear, not security, and leads the people to hate the police. We accept the law, but everything has limits and restraints.

#### Statistics on Illegal Arms Trade

92AF1095B London AL-MAJALLAH in Arabic  
15 Jul 92 pp 66, 67

[Report from Cairo: “Egypt: A Clandestine Weapons Market”]

[Text] It is illegal to bear arms in Egypt except by police permits which are strictly controlled. And yet, incidents of firing unlicensed automatic weapons are on the rise. No more than 30 percent of weapons in the possession of criminals is confiscated per year.

What are the mysteries of the illicit weapons market in Egypt?

Figures by Egypt’s Ministry of the Interior reveal that 27,861 weapons, including 430 machine guns and 328 automatic rifles, were seized in Egypt in 1981, the year President Anwar al-Sadat was assassinated. The number of weapons confiscated in 1987 amounted to 8,592 pieces, rising in 1988 to more than 12,592 pieces. The authorities have seized more than 90,000 weapons since 1989, ranging all the way from revolvers, machine guns, and automatic weapons to antitank and anti-aircraft artillery.

The geographic distribution of unlicensed weapons leads to Assiut as the primary center for weapons possession and where upwards of 10,000 pieces were seized in only one year. This is a frightening figure especially that Egyptian security sources acknowledge that, on average, only 30 percent of such weapons is ever captured. Suhaj, where 3,500 pieces were seized, ranks second ahead of Qina, al-Minya, and al-Fayyum.

Those figures force questions about arms suppliers, the funding of weapons purchases, the penalty for illegal possession, who is licensed to bear arms, what measures are in place to control the arms trade, and about smuggling operations across the desert.

### **Egypt's Weapons Act**

Egypt's weapons act stipulates imprisonment and a fine of 500 pounds for anyone convicted of possessing or having custody of an unlicensed weapon; temporary hard labor for those in possession of weapons and rifles, and life imprisonment with hard labor for dangerous individuals—vagrants and suspects—convicted of the possession of machine guns and automatic rifles.

### **Nine Hundred and Eight Pieces in One Day**

General Nabil 'Uthman, assistant to Egypt's Minister of the Interior, told AL-MAJALLAH that Egypt's long open borders make it easy for smugglers to bring in weapons for use in terrorist operations, drug smuggling, and other illegal activities. Some outlaws turn licensed gun repair shops into arms factories that utilize local resources and market their output in the various governorates. He emphasized that the phenomenon has proliferated because of the light sentences imposed on those who possess arms or deal in them.

### **Across the Border**

Gen. Fikri Shabanah, assistant to the Egyptian Minister of the Interior, told AL-MAJALLAH that Egypt's long open borders make it easy for smugglers to bring in weapons for use in terrorist operations, drug smuggling, and other illegal activities. Some outlaws turn licensed gun repair shops into arms factories that utilize local resources and market their output in the various governorates. He emphasized that the phenomenon has proliferated because of the light sentences imposed on those who possess arms or deal in them.

Gen. Muhammad 'Abd-al-Ra'uf Ghunayma, assistant to the Minister of the Interior for al-Sharqiyyah Security, said that the latest figures indicate that a mere 2 percent of licensed weapons are ever used in crime because it is easy to determine if they were used in the crime and because their owners can be easily tracked down. Unlicensed weapons, on the other hand, can be discarded by the criminal immediately upon the completion of the act, as is the case in most terrorist operations.

An Egyptian security official said that the weapons trade in Egypt is supplied by specialized factories that assemble and integrate components, not to mention weapons stolen from soldiers and from weapons depots. Influential people play a major role in smuggling by transporting the weapons in their cars which nobody dares to inspect. Because the weapons trade is highly profitable, dealers are knowledgeable about legal loopholes which they find helpful in selling their product.

A weapons dealer in one of Cairo's better neighborhoods, who declined to be identified, said: "Our clients are known and so are our prices. An automatic rifle goes for between 5,000 and 7,000 pounds depending on its condition. A semi-automatic weapon commands between 2,000 and 3,000 pounds, depending on demand. It is no longer difficult to buy weapons and markets are no longer the only source. There is also smuggling and the surplus of the wars that engaged Egypt.

A senior officer of Egypt's Department of Public Security said that regions of Upper Egypt (Suhaj, Assiut, and Qina, are the largest weapons consumers and also the

best markets for them because of the custom of vendetta and because of their geographic terrain which is usually a foothill. The southern region of the Nile delta is also a prime market for this dangerous commodity, especially at the Sudanese and Libyan borders and on the desert highways that have become smuggler crossings.

Even though the domestic product is of poor quality, it meets the demand of certain groups for cheap weapons that do the job. The locally manufactured primitive weapon called "single-shot" is very common in Upper Egypt. Public Security reports identify the traditional centers of the weapons trade in Egypt and reveal that the average yield of [weapons] capture in the governorates of Assiut and Suhaj exceeds 100 pieces a day, which disturbs the authorities. Police descend upon suspected locations at random intervals in order to confiscate the largest possible caches of weapons. Police raids are based on investigations of those in possession, of the type of weapons, and of the locations where they are stashed.

The senior officer said that some of the shops licensed to sell arms are suspect but that "they are subjected to constant inspections to verify compliance with the law which forbids the sale of arms except to those licensed to bear arms or who have a purchasing permit issued by the relevant police station."

### **Weapons Markets**

Even though it is illegal to sell arms except in licensed shops, AL-MAJALLAH knows for a fact that markets for that purpose exist outside the legal framework. The most notorious such market is the Mulid Sidi al-Gharib market located on the Cairo-Suez Highway. Major weapons dealers operate in this market which frequently establishes the level of prices fetched by weapons throughout the Egyptian governorates.

There is also the al-Badari village weekly market east of the Nile in Assiut, and the al-Harraniyah village market in al-Qalyubiyyah governorate. The latter is always open [for business] and deals in imported as well as domestic weapons.

A shopkeeper licensed to sell weapons says that the market has become markedly depressed and acknowledges that he sells no more than two or three pieces per month. Sales are conditional on valid licenses issued by the Ministry of the Interior which must carry a description of the weapon to be purchased.

Some people attribute the proliferation of weapons in Upper Egypt to the desire by farmers in remote villages to keep arms in their homes in order to voluntarily surrender them to the police to ward off searches which are frequently brutal.

Gen. Mahmud 'Antar, Director of the Investigations Department of the interior ministry, denies those allegations, however, saying: "there is no such thing as surrendering weapons. Police raids are carried out after diligent investigation and with the permission of the Prosecutor General's office."

#### **In the Millions**

Groups allowed by law to bear arms without need for licensing include the police, the armed forces, and members of the Prosecutor General's office. Some 1.3 million Egyptians are licensed to bear various arms, all of them for "self-defense."

Gen. al-Sayyid Hasan, assistant to the Egyptian Minister of the Interior and Director of Security for Suhaj, believes that all citizens are entitled to apply to their police stations for licenses to bear arms, stating the reason for the request. They would then be investigated by both State Security and Criminal Investigations before the permits are granted.

#### **Security Discovers Baghdad-Run Sabotage Network**

92P40264A London AL-SHARQ AL-AWSAT in Arabic  
7 Aug 92 p 4

[Text] Security agencies discovered a network recruited by Baghdad to execute acts of terrorism and sabotage in Egypt. Egyptian citizen Jamal Jamil, 38, was arrested, and agents found in his possession detailed maps of various key buildings. He confessed to receiving an incredible amount of money from the Iraqi regime in exchange for executing acts of sabotage in Egypt. He also divulged that a group of saboteurs, similarly recruited by Baghdad, were due to arrive soon to join him. Security agencies refused to give the network members' names, pending the ongoing investigation with the accused. A Security official told AL-SHARQ AL-AWSAT that the accused had come under suspicion since his arrival in Egypt and that he had been placed under surveillance. Jamil was arrested while he was closely watching a building in the Governorate of Suez. Investigations revealed that Jamil had traveled to Iraq a year ago in order to work there, and had fallen prey to Iraqi Intelligence which recruited him to work on its behalf. The Suez prosecutor's office decided to jail the accused for 15 days pending an investigation, until his case is transferred to the Higher National Security Court, to be further investigated and brought to trial.

#### **In-Country Sabotage Network Discovered**

92AF1227A London AL-SHARQ AL-AWSAT in Arabic  
22 Aug 92 p 4

[Unattributed article from the Cairo Bureau]

[Text] The state's high prosecutor in Egypt is conducting, in complete secrecy, wide-ranging investigations of members of an Egyptian network to spy on behalf of

foreign parties. The Egyptian security authorities had arrested three Egyptians as they were infiltrating through the Egyptian-Libyan border. A large quantity of automatic weapons, explosives, and money were discovered with them.

During the prosecutor's interrogations, the suspects confessed that they were part of a spy network receiving their instructions from the Sudanese and Iranian intelligence agencies, and that the mission they were to carry out before their arrest included executing a plan to blow up a number of public installations in Cairo and Alexandria, most importantly the headquarters of the State Security Investigation, the al-Tahrir Complex, and a number of cinemas and theaters, in addition to gathering information, inciting public opinion, and contacting the forces of Egypt's opposition parties.

The Egyptian investigating authorities imposed the cover of secrecy over the investigations being conducted in the Bahri Court building in Alexandria, where the suspects were moved under heavy security guard.

It is expected that the prosecutor's investigations will lead to the rest of the members of the network, especially after those already arrested have guided them to four other Egyptians, who came and slipped into Egyptian territory through Sudan to carry out a series of sabotage operations in Egypt's governorates. Network members also made a number of contacts with a group of extremist elements inside Egypt.

AL-SHARQ AL-AWSAT has learned that one of the accused was arrested in al-Khankah in Cairo, where he had rented a furnished apartment used as a headquarters for the network's meetings. It was located in 'Abd-al-Qadir Faruq Street in al-Khankah, and a search of it turned up a large collection of important papers revealing the group's plans.

Searches in areas in which some network members resided in Alexandria also yielded a stock of arms and ammunition.

A senior security source told AL-SHARQ AL-AWSAT that the information given by the members of the network confirmed the existence of a plan, in which Sudan and Iran were involved, for these elements to strike at vital installations.

On another front, an Egyptian police source announced yesterday that one of the leaders of the extremist groups in the Dayrut area of Upper Egypt was killed during an exchange of gunfire with police.

The source said that the victim was Salim Farimani, 35, the leader of an extremist group in al-Qusiyah, located about 15 kilometers south of Dayrut. The police had been searching for him for several weeks.



**Opposition Figures View Strife's Economic Cost**  
*92AF1098B Cairo AL-AHRAM AL-DUWALI in Arabic*  
18 Jul 92 p 10

[Article by Muhammad Yusif al-Masri: "How Are Development Plans Impacted by Violence and Terrorism?"]

[Text] In this report, AL-AHRAM AL-DUWALI brings up a serious yet unrecognized dimension of so-called terrorism where the use of force, rather than reasoning, is intended to impose viewpoints and ideologies on others.

This most serious dimension is the impact those "leaders of terrorism" have on development efforts championed by the ruling National Democratic Party [NDP] since President Husni Mubarak assumed his stewardship in late 1980 following the assassination of the late President Anwar al-Sadat.

Egyptian parties differ on the meaning of development, comprehensive development, and the best means to achieve them as a national objective, but no matter. The most important issue these days is not only familiar party differences over government policies and programs, but also many other ancillary issues such as the extent to which those government policies are responsible for the phenomenon of violence, and extremism before it, and the best method to combat this phenomenon of social upheaval in general, and intellectual aberration in particular, especially when it is supported with bombs, rifles, and machine guns.

The parties in their lobbies, meeting rooms, and house organs debate the need for debate, the potential for debate, the subject of those targeted debates, and the conditions to be laid by each side to guarantee that such debates would be serious and relevant.

AL-AHRAM AL-DUWALI, meanwhile, has decided to begin by discussing the impact of such conditions on our strategic objective as a government and as a people, which can be summed up in NDP's "Development and Stability" motto.

What, then, do Egyptian party leaders have to say about the impact of those conditions, which we call the terrorism issue, on the primary objective of attaining comprehensive development? This is what AL-AHRAM AL-DUWALI clarifies in the report below.

**Nationality...and Impact**

It is really interesting how divergent partisan views are on issues such as the impact of violence and terrorism on the course of production in Egyptian society.

It is even more interesting that the difference in viewpoints is so extreme as to be contradiction. It is true that reasonable views and moderate outlooks always exist, but so does contradiction.

While a person like Mustafa Kamil Murad, chairman of al-Ahrar Party, one of the four major forums, goes as far

as to say that terrorism and extremism have no effect on development programs, another, Egyptian Communist leader attorney Ahmad Nabil al-Hilali, insists that terrorism exacts a steep price on development, either by diverting attention away to waves of mutual terrorism and violence, or because terrorism depletes the general budget to a large degree through allocations to various security agencies.

Most interesting about terrorism and development is that the difference in partisan viewpoints is not limited to the previous dimension—impact or no impact—but rather extends to a second dimension which may be described as a dispute over the "nationality of terrorism."

Many partisans attribute terrorism and violence to the so-called extremist religious organizations. Others, like distinguished Wafdist Dr. Muhammad 'Asfur, believe that terrorism is not a local phenomenon but an extension of world violence and terrorism.

Let us begin with what Dr. Asfur said on the impact of terrorism and violence on comprehensive development in the motherland.

The distinguished jurist and member of the Supreme Wafdist Authority said that his particular viewpoint is based on the fact that "the issue of terrorism" is an international problem and that it is the major powers which nurture this international terrorism under the guise of the so-called new world order.

It was then natural for the man to conclude that the new world order is what breeds local versions of terrorism.

Dr. 'Asfur bases his views on the American and Israeli definitions of terrorism. Both define terrorism as "pretexts used by third world governments to justify extraordinary measures to legalize state terrorism."

Dr. Muhammad 'Asfur also referred to the writing of American intellectual Chomsky who is interested in this issue. Among his better known works are the books *Emperors and Pirates* and *Obstructing Democracy*.

The member of the Supreme Wafdist Authority therefore refuses to support the view that terrorism is a local phenomenon or an internal issue. He sarcastically asked: "Why do we abhor individual assassinations but tolerate the mass-murder of people?"

But why this conviction that it is the major powers that disseminate terrorism and violence?

Dr. Asfur answered by saying that third world development is not in the interest of the major powers which consequently seek to frustrate this development through continued social unrest and persistent poverty. Besides, development requires peace while social unrest is good for derailing development.

That was the viewpoint of al-Wafd as expressed by Dr. Muhammad 'Asfur. Councillor Muhammad al-Ma'mum al-Hudaybi, while he does not think it unlikely that certain incidents of violence are of foreign nationality, finds no proof or documentary evidence in support of that conclusion.

Al-Hudaybi suspects that certain specific incidents were not of Egyptian nationality. Examples are the killing of Dr. Rif'at al-Mahjub or the shooting of Col. Muhammad 'Awad, warden of Turah Penitentiary. He claimed that many Jews of Arab origin have Arab features and can easily evade detection and avoid attention to their true nationalities or to the agencies that employ them.

There is no doubt, however, that development requires peace, stability, and security. Those are the "bases for civilization," he said, and the bases for refinement and advancement rooted in free productive thought that believes it could harvest the rewards of its excellence and genius in a just society. This is government's real responsibility, not to restrict freedoms and pursue the democracy of hoarding the seats of power and to dictate its policies as if no difference existed between government and people.

Al-Hudaybi then added that opening channels between government and people cannot be done without true democracy that imparts to citizens the feeling that their government works for them and endeavors to realize their aims and aspirations and maintain their trust and support. Alas, those matters are yet to be of consequence in our Arab world.

#### Capacity and Funds

In a marked difference of opinion, well-known Communist attorney Ahmad Nabil al-Hilali limits his comments to the domestic aspects of terrorism's impact on development. He concludes that to the extent that it distracts [from other productive endeavors], to the extent that it drains a considerable portion of the general budget to finance security agencies, and to the extent that it makes it necessary to draft tens of thousands of soldiers into those agencies and idling them at the peak of their productive years, terrorism is inflicting serious harm on development by draining away capacity and funds.

Attorney Nabil al-Hilali pointed out that certain sources of income, especially tourism, are sensitive to the issue of terrorism but he does not put much stock in attracting foreign capital, as it is called. He believes that the objective of foreign capital, if it comes in at all, is not to advance Egypt and support its economic development but to plunder Egyptian wealth as much as it can.

#### The Fund Is the Solution

Those viewpoints notwithstanding, Mustafa Kamil Murad, chairman of al-Ahrar Party, largely discounts those incidents and believes they have absolutely no

impact on development projects. Farming in Egypt is in the hands of small farmers, tenant farmers, or companies that reclaim new land.

Likewise, there is no impact at all on industry, transportation, warehousing, or even handicrafts. There is generally no impact on the course of production in Egypt.

What makes al-Ahrar's chairman so convinced?

Mustafa Kamil Murad said that the incidents that took place, which hopefully will not be repeated, were limited in scope and occurred in certain localities in the poorer villages and on town outskirts. "We have not seen, Thank God, any highway robberies, sabotage of utilities, or interruption of services or supplies."

Mustafa Kamil Murad then alluded to his idea for supporting a "social fund" that would make a viable contribution to solving youth and unemployment problems, especially through small businesses that the fund could help establish.

#### Plots and Strange Concepts

Former minister Muhammad Hamid Mahmud agreed with al-Ahrar chairman that the concept of security is not merely in fighting crime. It is primarily in maintaining economic security.

He added that there can be no development without stability and no stability without security and law and order. Such a climate, when it prevails, quiets down baseless winds that are a stranger to our Egyptian society.

For generations, he said, Egyptians have lived in amity and patriotism. What we now see is a plot that came from abroad to cause Egypt to misstep, even to undermine the course of the entire Muslim world.

Muhammad Hamid Mahmud said that man is now being bombarded with strange ideas in the name of Islam which are farthest removed from human nature's understanding of that great religion. Perhaps the groups that foster those ideas would reconsider if they realized that they are denounced by society. Resisting them would render them even more vicious.

Muhammad Hamid Mahmud concluded by saying that it behooves the wise on both sides to assume such a responsibility through dialogue that is open and forthright.

#### Demand...and Disease

That is how certain Egyptian partisans view the impact of terrorist movements on the issue of progress and development. We conclude with the views expressed by Farida al-Naqqash of al-Tajamu' party. What does the chairwoman of the women's alliance of the leftist party that leads the opposition in parliament, have to say?

Farida al-Naqqash believes that the decline of development, or recession, is caused by factors and reasons that go much deeper than a violent incident here and there,

even though violence necessarily triggers varying degrees of anxiety in foreign and Arab capital, causing it to feel threatened and insecure. This brings us to the real reasons, in her opinion, for the current shrinkage in development, or recession.

She blamed Egypt's economic and social options which are stacked in the favor of a minority and which place the interests of that technical and property-owning minority ahead of other social categories that are not only in the majority but also the most exposed to recessionary problems.

Unemployment breeds within the middle and popular classes. There are between 2.7 and 3 million unemployed workers by the government's own admission.

This is the real reason behind the violence that erupts because young people see for themselves no future and no place to develop.

Young people, when they waste away the better years of their lives among the ranks of the unemployed, become very easy prey to the purveyors of violence and darkness.

Added Farida al-Naqqash: "We must therefore look for the real cause of the disease because the incidents that occur are but symptoms. We must treat the real disease, which is government's economic and social policies, if we are to escape this hellish vicious cycle of violence and counter violence which would necessarily undermine stability, causing further declines in development, fanning the legitimate fears of Arab and foreign capital, devastating tourism, and causing other manifestations of shrinking or declining development.

### Opposition Parties Seen Closing Ranks

92AF1154A London AL-HAYAH in Arabic 1 Aug 92 p 8

[Article by Wahid 'Abd-al-Majid, "Researcher at the Center for Strategic Studies at al-Ahram, Cairo"]

[Excerpts] Two years after the Iraqi invasion of Kuwait, Egypt's political parties have overcome its divisive effects. The major opposition parties contended with various internal differences over the crisis at the time, and prevented the escalation of those differences, which they managed better than usual. Party leaders that experienced internal crises, chiefly the NPUG [National Progressive Unionist Grouping Party], the Liberals, the Wafd, and Labor, showed an unexpected degree of tolerance towards their dissenters, in the opinion of those who adopted positions contrary to the official party line. That does not mean that the disagreements were handled in a completely democratic way, but it did reflect a tendency to accept a kind of controlled diversity, despite the well-known risks the Gulf crisis involved them in. [passage omitted]

### Various Trends

The conflict was evident in the Liberal Party from the first day of the crisis between most of its leaders, who

categorically condemned the Iraqi invasion, and a small number of them, led by the party manager and head of the Youth Secretariat, who adopted an opposing stand even before the conflict started over the mobilization of foreign troops. The Secretariat went ahead and issued a statement on 5 August 1990, emphasizing that the crisis was an Arab issue that must be solved without any foreign intervention, and criticized Kuwait's position on the eve of the invasion. It claimed that the statement did not express any condemnation of the invasion, but was set forth as a solution to the "withdrawal of Iraq and facing the roots of the crisis." This proposal clearly differed from the official party position, which had criticized the invasion and described it as regrettable, and called for the unconditional withdrawal of Iraqi troops and the return of Kuwaiti legitimacy.

The conflict escalated with the start of the mobilization of foreign troops in the framework of the international alliance. The Youth Secretariat of the Labor Party led the opposition to that development, and things reached the point where a cable of support was sent to the Iraqi President. In all of Egypt, this position was held by no one but the Youth Secretariat of the Labor Party. At the same time, Party Secretary and Manager Muhammad Farid Zakariya expressed his support by visiting Baghdad twice: first in October 1990, to take part in a conference with the slogan "A Response to Israel's Desecrations of the al-Aqsa Mosque," and the second in December 1990, to take part in a youth conference, during which he met with an Iraqi official and declared his support for Baghdad's position. At that point, the party chief intervened to confirm that "the statement of the party manager Muhammad Farid Zakariya after meeting with the President of the Iraqi National Council expressed his personal view only, not the stated and well-known view of the party." At the same time, another tendency within the Liberal Party declared a position, and others tried to adopt a compromise position between those two, such as Rif'at al-Sayyid, Muhammad Sayyid Ahmad, Husayn 'Abd-al-Razzaq, and Hilmi Yassin. That position was the basis of the statement the party issued on 26 August 1990, which tried to strike a balance between condemning the Iraqi invasion and rejecting the military presence in the region, blaming it for the invasion, and criticizing the call to internationalize the crisis without waiting for the outcome of Arab efforts.

It is remarkable that the Muslim Brotherhood tried to take this same balanced path at the level of managing differences among MB [Muslim Brotherhood] organizations in the Arab countries. These organizations' positions on the crisis were contradictory; some condemned the Iraqi invasion in varying degrees of clarity and force, such as the MB of Kuwait, Iraq, and some of the MB of Palestine (principally the Hamas movement in the West Bank), while some supported the Iraqi position at different levels, like the MB in Jordan, a section of the MB in Syria, and a section of Hamas with a clear condemnation of the Iraqi invasion in the beginning. But the

division in the MB in other Arab countries caused the leadership to move toward its desired "compromise" position by taking part in mediating efforts to solve the crisis, and escalating its rhetoric rejecting foreign intervention. But that seemed close to a position sympathetic to Iraq, moving the MB in Kuwait to end their association with them and freeze their membership in the international Muslim Brotherhood Organization, to prevent the leadership from dealing with its management of the conflict over it, in comparison with other opposition parties in Egypt. It appears that this difference is attributable to the fact that the MB leadership in Egypt dealt with a conflict between numerous organizations, each of which had different circumstances, not with different tendencies within a single organization. [passage omitted]

### Sympathy and Disregard

The second model for managing party differences over the Gulf crisis was the party leadership's inclination to support a particular prevailing trend and disregard the other, which seemed marginal, without taking measures against it, except for restricting its freedom of expression in the party newspaper. This was the case with the Labor and Wafd Parties, whose leaders insisted on balancing the two trends, despite Labor's rejection of the invasion and Wafd's total condemnation of Iraqi policy.

Labor's official position in the two statements it issued during the first month of the crisis were characterized by condemnation of the invasion and a warning against foreign intervention in the first statement, then condemnation of this intervention in the second statement. Although the leadership of the Labor Party sought to give the impression it was adopting a "third position," different from the positions of Iraq and of the international alliance, AL-SHA'B [The People] newspaper showed the mistake of supporting Iraq. The position that came to be considered the "third mistake" was harmonious with the public policy of some Arab powers that felt sympathy with the Iraqi position, and tended to lay blame solely on the international alliance, particularly the United States, for blocking the way to a peaceful solution to the crisis. It is noteworthy that the official position of the Labor Party did not accept "demanding that Iraq alone change its position, as if all Arab conditions were healthy and acceptable." It also emphasized

the suggestion that there was a plot against the Arab nation, which implicitly excused Iraq's hostile behavior. The Labor Party's leadership faced no serious internal problem in adopting this position, because the other tendency forcefully rejecting this behavior was marginal, and had no representative to speak of in the party elite, with the exception of Deputy Chief Muhammad Hassan, who contented himself with recording his position in a statement and circulating it, then lapsing into silence, preserving, for the most part, his distinctive relationship with Party Chief Ibrahim Shukri. The Wafd Party was the only Egyptian party that issued no official statement setting out a position on the crisis, content with what was said in its newspaper. The paper's position was marked by the greatest degree of clarity in condemning the invasion, welcoming the military solution, and supporting the international alliance against Iraq. The party's Supreme Committee held no meeting to discuss the crisis, and, remarkably, discussed no action on the part of the Committee's members aimed at holding a meeting on it—an indication of the opposition's confining itself to what had been published in the party newspaper.

With the exception of two members of the Wafd's Supreme Committee, Deputy Party Chief Ramadan Jum'ah and Muhammad 'Asfur, there was no public expression of any dissenting opinion, and the opinion of these two members did not go so far as to condemn clearly the party newspaper's position. They were content to stop the publication of their articles in it (a weekly issue for Jum'ah and a daily issue for 'Asfur), but Dr. 'Asfur criticized the Wafd newspaper when it explained his position, writing about it. He said, "Because of my strong disagreement and regret at the same time," and confirmed that he opposed the line the Wafd newspaper was pursuing on the crisis, despite its clear stance against the Iraqi leader. Jum'ah's and 'Asfur's position condemned both the Iraqi invasion and American policy in the region, considering the latter more dangerous. It was clear that this was a marginal tendency within the Wafd Party, which allowed the leadership to ignore it and pass over the position without demanding that the holders of this view change it or adopt another. That helped to make it possible to confine the conflict within extremely narrow borders, which led to its passing quickly once the crisis was over.

### Deputy Minister on Economic Reforms

92AF1087A Cairo AL-AHRAM AL-DUWALI in Arabic  
8 Jul 92 p 6

[Article by Ibrahim 'Ayyad al-Maraghi, Deputy Minister of International Cooperation: "Economic Reform and International Cooperation"]

[Text] Recognition of the importance of international funding in the economic reform process does not justify unlimited borrowing from abroad, in view of the fact that excess international funding leads to the rapid and compound buildup of debts and the burden of their servicing. Thus, during planning of the Egyptian Reform Program, care was taken to ensure that foreign funding was complementary to economic rectification, sufficient to close the gap in foreign currency needs, and simultaneously be in line with the objective of reducing the proportion of debts to overall domestic product, and reducing the proportion of foreign debt installments and interest to foreign currency revenue returns. In this way, Egypt should gain the time necessary to put its house in order, strive to reduce the state budget deficit, and reduce, within reasonable limits, dependence on foreign funding.

The most important advantages and benefits that Egypt obtained in 1991 through the mutual understanding and cooperation of international financial institutions, notably the International Monetary Fund (IMF) and the World Bank (IBRD), can be summarized in the following five complementary aspects each, for its part, representing a set of graded complementary measures in application.

1. Agreement with the IMF on a program of fiscal stabilization of the national economy, in accordance with a financial assistance program valued at 278 million special withdrawal units—equivalent to 60 percent of Egypt's share in the Fund. The stabilization program includes several complementary measures, including an endeavor to reduce the state budget deficit from approximately 22 percent in 1991 to 7 percent of overall domestic product in 1992, by way of the purposeful management of fiscal policy to increase revenues, reform tax and customs systems, increase tax returns, rationalize public expenditure, manage domestic and foreign debt more efficiently, promote fiscal policy instruments in the control of money supply, generate a true interest rate that encourages saving and rationalizes investment, consolidate and liberate the exchange rate to reflect supply and demand potentials, and generate a better, more equitably poised relationship between foreign currency payments and revenues. The Ministry of International Cooperation (MIC) is conducting intensive discussions with the IBRD on the economic reform program, and will hold discussions in July with the IMF Chairman, who will be in Egypt for economic reform discussions with officials.

2. Agreement at the Paris [Club] on a framework for the heavy burden of the balance of accumulated foreign

debt, by way of the realization of graded exemptions over a period of three years (15 percent, 15 percent, 20 percent), totaling altogether 50 percent of actual value of official foreign debt and some guaranteed commercial debts from foreign governments; in other words, to the tune of approximately 21 billion dollars. Also, rescheduling of remaining payments due from debt assets and interest, on condition of the continuation of mutual understanding with the IMF on the Economic Reform Program, and the obtainment of private bilateral agreements with debtors. The exemption of Egypt to the extent that has been achieved, after the Gulf War, is undoubtedly a significant accomplishment of Egypt's foreign policy in the service of the national economy.

To date, The MIC has rescheduled with more than 14 countries.

3. Agreement with the IBRD on a structural rectification program valued at 300 million dollars, production [as published] and supply potentials, and guaranteeing the achievement of the lowest [as published] of economic development, and the creation of opportunities for work, income, and production.

This program is considered complementary to that of the IMF. It embraces the application of several complementary measures to raise the efficiency of resource usage, including development of the public sector to dissociate ownership from management; pursuit of cost recovery and financial framework reform policies; pursuit of an introduction to...for some firms (such as the selling of shares or assets at the stock exchange, to employees, managers, or to the private sector; lease of some assets or the conclusion of management contracts; promotion of private-sector investment incentives; development of the Egyptian sector and the stock exchange to promote and mobilize local reserves; liberalization of foreign trade along with the promotion of imports; rectification of major cost imbalances in all sectors; promotion of price mechanisms as the instrument for information and incentives; halting the flight of national capital, and promotion of direct foreign investments. Parallel to this loan, and one that is complementary to it, is another from the African Development Bank, of approximately 134 million dollars, for purposes of structural rectification. This loan is to assist Egypt in achieving similar ends; in addition to additional foreign funding from various other international sources.

4. Funding for the establishment of the Social Fund for Development in deference to social considerations during the economic reform period through the undertaking of several activities, including the creation of new opportunities for employment and income, the establishment of labor-intensive industries and projects, and the retraining of the workers needed for entry into more productive jobs. An agreement was concluded with the International Development Association (an offshoot of the World Bank) for a facilitated loan of 105 million special withdrawal units. This is



tantamount to a nucleus for the obtainment of facilitated loan grants from other friendly international sources which are desirous of funding the Social Fund from the threshold of concern that Egypt completes its crusade, while simultaneously retaining its social and political stability. The MIC has received more than one million dollars from all possible sources of the necessary funds. It has also submitted the requisite proposals in order that the Fund achieves its objective, in addition to submitting a working paper to the Fund during the donor countries' meeting in Brussels.

5. The World Bank's call—the first since 1980—for an annual convention of the [International Consultative Group for Egypt]. This is a large economic gathering of friendly donor countries and international organizations concerned with enabling Egypt to overcome its economic hardship and resume its development crusade. The Group would meet annually to deliberate the economic reform program, scrutinize Egypt's foreign funding requirements, and coordinate between Egypt and these other sources, and between the sources themselves, on matters relating to the flow of the necessary direct grants, loans, and investments to Egypt in the medium range. A consultative group meeting was held last year, in conjunction with the IBRD, it requested the donor countries to support Egypt. It is expected that consultative group meetings will be held during the upcoming months.

#### **Inflation Rate Estimated at 12 Percent**

92AF1171A London AL-HAYAH in Arabic  
22 Jul 92 p 10

[Article by Ahmed al-Sukkari]

[Text] Egyptian Prime Minister 'Atif Sidqi announced a unified customs rate for the public and private sectors. This would take effect before the end of this July and would allow competition between the two sectors on equal grounds.

Speaking yesterday to the economic committee of the general conference of the ruling national party, he said that work is under way to repeal the list of industries and activities requiring pre-approval and that the future list would be limited to a small number of industries dealing with national security.

#### **Reform Policies**

Sidqi added that the rate of inflation in Egypt had dropped in the first six months of this year to 16 percent. It was expected to reach 12 percent by the end of the year, compared to 17 percent last year, if economic reform policies continued in the right direction.

Deputy Prime Minister and Minister of Planning Kamal al-Janzuri, speaking to the same committee, said that the first five-year plan had estimated private sector investments at nine billion Egyptian pounds, but the total achieved was actually 22 billion pounds; the second plan had estimated 18 billion and 49 billion was achieved. In

the third five-year plan (1992-97), it is estimated that the private sector will implement projects worth 70 billion pounds, however it is expected to achieve more than 100 billion pounds.

#### **Officials Debate Sale of Public Enterprises**

92AF1019E London AL-SHARQ AL-AWSAT in Arabic  
6 Jul 92 p 10

[Article by Safa' al-Minyawi]

[Text] The "Middle East" has learned of differences of opinion in the Egyptian Government about the ideal way to eliminate surplus workers in the public sector. One group endorses the idea of selling public sector companies, using the method of monetary and labor bids to "raise the price," while another group calls for using monetary bids only so as not to burden the consumer with any "unemployed labor" costs. But, although Dr. 'Atif Sidqi's Government is split on how to sell the public sector, there is agreement about the necessity to eliminate "excess labor" from public companies and organizations. Egyptian and international agencies are currently appraising the assets of these organizations as a first step towards soliciting international bids for their sale.

The issue of offering Egypt's workers up for sale in an international bid is arousing fear and suspicion that it would lead to an explosion in unemployment. International organizations estimate that some public sector units would layoff between 30 percent and 50 percent of their workforce. Commenting on this, Dr. 'Abd-al-Shakkur Sha'lan, executive director of the international monetary fund, insisted that "it was necessary" to eliminate excessive labor in the public sector in the absence of economic reforms. On the other hand, if the Egyptian Government continued to implement all of the economic reform plans and eliminated all obstacles to reform, this would lead to the revival of the public sector and the creation of new investment projects. Opportunities would then exist for the excess labor to become effective labor and contribute to building the national economy.

He added that a large number of public companies in Eastern Europe and Russia are unable to compete with other local and foreign companies due to excessive labor which has sometimes exceeded 400 percent.

Dr. Sha'lan believes that the best solution is for the private sector, and not the public sector, to absorb the excess labor. He indicated that it was expected that new private sector purchasing powers, both Egyptian and foreign, would emerge in the next few months to buy the public sector units being offered for sale, and to buy them at high prices. Dr. Hamdi 'Abd-al-'Azim, an economics researcher, says that observations of other developed and developing countries indicate that the main aim of such sales is to use sale funds to lower the public debt, not to fund public spending or decrease taxes. Additionally, indications are that it is better to

sell the whole public organization than to sell some parts or shares, although partial sale is more politically acceptable.

Furthermore, experience shows that it is better to directly sell public organizations by auction, rather than to offer shares in the financial markets. This is due to the weakness of financial markets and the high market value of public organizations. Sale by auction also evades problems of stock offerings by public companies; using this method, New Zealand succeeded in selling a transportation company at a much higher price than was expected in financial markets.

Dr. 'Abd-al-'Aziz indicates that countries have used a number of methods to sell the public sector. These include partial sale through stocks, full sale through stocks, a combination of stock sales in local and international financial markets, and leased sales, full sale to one buyer, or to a consortium, and the sale of rights.

Among the important issues that cause anxiety towards the idea of selling the public sector is the fate of the excess labor in this sector and its impact on the current Egyptian labor force. In this regard, Dr. 'Abd-al-Motaleb 'Abd-al-Hamid, a national economics expert, explains that the privatization program would lead the government to lay off between 500,000 and 700,000 workers out of a total work force of 1.5 million in the public sector. Most of this work force is concentrated in strategic industries such as the engineering industries, aluminum, iron, and steel; these are industries where the work force is off-limits. The remaining industries are in the agriculture sector, the spinning and weaving sector, and the tourism, food-supply, and housing sectors. The government would face a heavy burden if it eliminated excess labor in these industries since it would have to provide new work opportunities in the small-scale industries sector where the cost of creating one job ranges between 3,000 and 5,000 pounds. This would add about 2 billion pounds to the cost needed for creating jobs—and since the government is obligated to provide new jobs for the current unemployed workforce, which is estimated at 2 million workers, at a cost of 8 billion pounds—this would bring the total to 10 billion pounds.

If the state were to retrain this workforce for the new industries, at a cost of 500 pounds per worker, it would need an additional 1.25 billion dollars. The total amount that Dr. Sidqi's government would have to provide in labor costs for this privatization program would thus be about 11.25 billion pounds for the unemployed work force which represents 16 percent of the total work force. The social fund provides foreign aid loans for the small-scale industries and retraining plan, not to exceed 590 million pounds. This means that 10.66 billion pounds have to be obtained in order to enter the actual implementation phase of this development plan.

The economics expert adds that the proposed solutions for the excessive labor problem are confined to certain

areas. The most important of these areas are in the agriculture sector. It is necessary to include the cost of reemploying the current work force in the sale price, that is the sale must be a monetary and labor sale. Additionally, small-scale feeder industries must be established to support these agriculture sector companies; or the work force could be employed in service industries such as cleaning. The workers could also receive some of the stocks of the sold companies.

In the spinning and weaving sector, where about 40 percent of the work force could be eliminated, the private sector could absorb part of this workforce as has recently happened in the Shubra al-Khaymah experiment, where at least 50,000 workers were absorbed.

In the tourism sector, Dr. 'Abd-al-Hamid does not expect any layoffs in the technical skills. Twenty-five thousand nontechnical workers could be redirected towards areas that would encourage tourism such as environment beautification projects. The same applies to the food-supply sector, where it is expected that part of the excess work force could go to distributors and agents to encourage marketing efforts.

As for the housing sector, there is no labor problem since this sector suffers from labor shortages. In the worst case, any excess labor could be employed in the new urban community projects.

Concerning the extent of the Egyptian Government's responsibility towards providing jobs for workers that are laid off or "surplus" from the public sector, the experience of capitalist countries is that the state adheres to the idea of a "social contract" and offers "unemployment benefits" to workers who are deprived of a real work opportunity.

#### Private Sector Bankruptcies Increase

92AF1096B Cairo AL-WAFD in Arabic 26 Jul 92 p 3

[Article by Sami Sabri]

[Text] All developed countries have been able to discover the necessary cure for the "protesto" virus that afflicts the economy, and have exported it to the developing and backward countries, to bring about the rapid projection of the global economy, and experiments have proven the efficacy of this cure, which is reinvigorating the economy and injecting funds into the commercial activity artery using a development instrument, tax cuts, and increased buying and selling. Our government, however, and the relevant cabinet ministers, are not convinced of this cure, preferring bandages, rotation, and making excuses for the deficit, inflation, and the collapse of the pound. Merchants and company owners have sought an escape from the abominable virus, which results in declaring bankruptcy and going to prison, but in vain. The infection has spread; Salah Turquoise, owner of the most famous clothing store in Shawarbi Street, could not bear it. A corpse with heart failure was treated with the mere presence of protesto, the sealing off

of the source of his and his family's livelihood, and putting red seals on it; the cause was the bankruptcy virus. The law was clear: payment, or the sale of assets, or five years in prison!

### The Victims Drop

Turquoise was neither the first nor the last victim; he was preceded and followed by many others, with only the difference in fate. The story of the al-Nahdah car showroom, Majid and Lutfi, recounted to us by Sami Sabri, the deficit and higher constitutionality is the best proof of the destructive effects of the protesto virus—bankruptcy. Because the owner of the showroom stopped paying his debts, worth 7 million pounds, to one of the biggest car dealers, the protesto virus attacked him, when the merchant freed a nondefense protesto and sued him for bankruptcy. As soon as the newspaper announced the suit, the showroom's creditor banks intervened; some of them resorted to the socialist prosecuting agency. The showroom went out of business, with debts of 120 million pounds.

So far, the funds have not been liquidated and distributed, the creditor has not received anything, and the banks have not been paid. The bankrupt has gone to prison.

But what is the scale of the catastrophe? Why has this virus spread? What is the cure?

Reports have said that the bankruptcy curve is constantly rising in all the governorates; the total protesto cases in just 15 days from the beginning of this year was nearly 10,250, worth 14,660,000 pounds. The lion's share of the bankruptcies were in Cairo.

The tragedy reached its peak in Alexandria, where cases of nonpayment jumped from 13 million pounds to 43.6 million this year. The bankruptcy rate in the "Bride of the Mediterranean" rose from 27 percent to 332 percent, and in Cairo and al-Jizah alone, in the last few months, bankruptcy cases went from 5,000, of which 1,630 were in the Court of Southern Cairo, 804 in the Court of Northern Cairo, 592 in the Court of al-Jizah, and the rest distributed among the other courts.

In the past conference of the Federation of Chambers of Commerce, speaking before the Ministers of Economy, Commerce, Supply, and Finance, Mahmud al-'Arabi, President of the Federation of Chambers of Commerce, revealed the scale of the catastrophe, that they might take action and save the market. But the conference ended, the party was over, and the merchants' and businessmen's demands had gone the way of the wind. The Banking Code and other laws were passed, and the government did not heed the tragedy of thousands of merchants, stumbling companies, and protesto cases. The bankruptcy farce continued. Mahmud al-'Arabi confirmed that the cause of the catastrophe was the passing of the sales tax law that was enacted without considering the slump and recession looming over the market, in addition to the development restrictions, rises in public

discount and interest rates. This led to a rise in prices, restrained buying, and the inability of the commercial sector to buy and distribute its products; and its resulting inability to manage the financial liquidity [needed] to stay in the market and pay off their loans and debts. This is apart from treasury bills that drained off personal and bank deposits. This had a negative effect on increasing production. This militated against the state's declared policy of increasing production and reviving the market.

Mahmud al-'Arabi explains that resorting to the socialist prosecutor through the banks is considered a shirking of the responsibility of according development and an open invitation to the terrorism of merchants and the private sector. The banks must first study the situation of agents who are struggling or unable to pay; if the failure is outside their control, or market conditions are caused by market compulsion, then they must be helped and refloated. If the stoppage is deliberate, there are judicial remedies, the public prosecutor, commercial law, and bankruptcy.

### Market Stagnant

In an interview with one bankrupt merchant, he said, "Our stoppage from paying is caused by recent economic decisions. We went broke and cannot pay our debts. The government strangled us by restricting development and raising interest rates. And I forgot—the market is stagnant; huge buying power has gone out of it, as seen in the depositors of investment companies. In addition to the Gulf War and the return of Egyptians from Iraq and Kuwait, price rises in general made many families hold back on spending to deal with family burdens with their limited incomes. Plus, the sales tax and various public taxes, whose total rate mounted to 75 percent of income. So how can we stay in the market and pay our debts?" He shouts, "Please, survey the people going into shops downtown, and you will find that 95 percent of them are just looking, and the rest are buying, but very little. The recession affects all areas."

Former Minister of Finance and Supreme Wafd Committee Member Dr. Ahmad Abu-Isma'il explains the spread of the plague as being the result of the absence of a clearly defined economic plan. "When the budget deficit worsens, the government resorts to printing banknotes, unmatched by actual production, to fund the deficit, so inflation grows. When everything is ruined, it hastens to restrict development, to reduce the money supply circulating in the market and curb stubborn inflation but push interest rates from 12 to 22 percent. The government resorted to treasury bills, and imposed ridiculous, arbitrary taxes, and strangled the market, shrinking commercial activity. Merchants and businessmen no longer have the financial liquidity to buy and sell and settle their debts, because of the recession, high prices, and restrained buying." He adds, "While the Fund gave the government an excellent chance to reduce debts and put them on installments over 20 years, the government dealt with companies and merchants on the

same footing, because they yielded to coercive circumstances and compulsive decisions outside their control, but all the government cares about is its good image in the eyes of the Fund by adjusting its balance of payments by any means, without considering domestic market activity, which is the sinew of any economy and a major part of a reform policy.

### Interest Hike

Mustafa Zaki, President of the Cairo Chamber of Commerce, confirms that despite the fall in cases of protesto and bankruptcy from their 1986 levels, when they stood at 814 million pounds, their noticeable rise this year and last year is one of the danger signs of an economic recession. The increase is due to the government's deflationary policy as regards banking facilities, and the fear in the financial market and banks, which has made many national, foreign, and mixed banks limit the volume of their development credit by restricting credit and increasing the guarantees required for granting development credit, on top of increasing interest rates on loans in local currency, while interest rates on foreign currency were dramatically reduced. This is in addition to the restrictions imposed on the import process without converting currency, which caused a reaction of insecurity and instability, so sales volume fell. Merchants and the owners of projects and commercial activities were unable to pay off their commitments to merchants and banks. This led to a slump in business, the liquidation of projects, and bankruptcy in all fields. It was very clear in the building commodities sector, because of the mistaken decision to disallow the granting of any credit to this sector, even though building commodities is the sector that must deal in credit! The result of this decision was an insane rise in their prices. The recession has also affected building material companies; they were unable to pay their debts and the price of the raw materials necessary for work, as well as adaption agencies, to the point where companies began to sell to break even, or at a loss, bearing the interest because of mounting inventory. Because of the recession, price rises, and inflation, merchants must borrow, with an unknown future, just as the government does. But the government was able to reschedule its loans, while merchants have no one to guarantee or reschedule their debts. They stumble and fall in the cycle of bankruptcy. Mustafa Zaki thinks that the noticeable danger of the protesto virus this year is its spread to governorates it had never entered before. It is well known that it had penetrated Cairo, Alexandria, Port Sa'id, and al-Jizah, but lately it attacked all the Delta and Upper Egyptian governorates. This is a danger sign of collapse in the economy and commercial activity. The President of the Cairo Chamber demands the resurgence of the economy, easing credit measures, and watching the circumstances of merchants, businessmen, and those commercially active; as most bankruptcies were due to circumstances outside their control, because of compulsive decisions. If the goal of restricting credit was to curb inflation and reduce money in circulation, it must be accompanied by an increase in production and

availability of goods and services, and their promotion and sales as suits income and buying power.

I asked Muhammad 'Abd-al-Futuh, Secretary General of the Federation of Chambers of Commerce, about the Federation's role in treating the protesto virus and bankruptcy. "The Federation has commissions to arbitrate between merchants at the local and international levels," he said, "to settle their protesto and nonpayment disputes and processes. However, when a debtor is unable to pay because of the recession, and the creditor goes to the court with a bankruptcy suit, this is dangerous. By the mere knowledge of the debtor, a period of doubt and difficulty begins, and he begins to smuggle out his money and shift his assets, saying, 'After me, the deluge.' The creditor gets nothing and the debtor pays nothing; taxes come into it, and the process turns into the final liquidation of the business so that every side can get its minimum rights by cutting up the debtor. According to the Commercial Code enacted in 1883, and the Chambers of Commerce Law, the Federation has no business in bankruptcy suits or dispute in them, but to arbitrate between the creditor and debtor to reach a judgment on declaring bankruptcy."

### Ruin and Destruction

Sami Sabri, lawyer and legal expert on cases of protesto and bankruptcy, reveals other negative effects of the spread of this virus, saying, "With the mere declaration of bankruptcy, many families that had depended upon the bankrupt become displaced. By rule of law and according to the provisions of articles 216 and 221 of the Commercial Code, the bankrupt loses all his assets and funds, whether or not they are related to his business, as well as funds lent to him while he is in bankruptcy. He is also liable for all long term debts; he thus becomes paralyzed on all fronts."

Sami Sabri adds, "Although a protesto is a small, official document issued by the protesto assembly, proving the bearer's inability to meet his commitment to pay a bill of exchange at its value on its due and payable date, with the bank to which it was sent for collection having refused it, it is actually a very dangerous thing. The effect on economic and commercial activity with its issuance is to lose all credit from banks that announce his name or record it in the protesto gazette. He will not be dealt with, his reputation in the market is shaken, and he is ruined. His business is closed with lock and key!" He says, "The reason for the rise in bankruptcy suits before the courts is the cheap fees, [which are cheaper] than other measures, such as an order to pay, or attachment. The fee is just 16 pounds, but it is more effective, with the court just ruling on it. There is no appeal. The business or project is sealed with red wax." Sami Sabri confirms that bankruptcy cases, because they are lodged for the creditor to obtain its share, destroys commercial activity and creates many parties of those who exploit legal loopholes, such as the protesto assembly and the creditors' agent, appointed by the court to act in managing the bankrupt's funds and property. They have had

a monstrous effect on figuring the rights of the creditor and debtor, the government, and the banks. The bankrupt then goes to prison, in accordance with the text of article 328 and articles of the penal code, whether he was bankrupt by default or by fraud. The market loses economic forces that participated in its furtherance and stimulation, all because of the protest—"bankruptcy"—virus.

### **Failing Companies To Be Liquidated, Merged**

92P40249A Cairo AL-AHRAM AL-IQTISADI in Arabic  
10 Aug 92 p 34

[Text] Dr. Mahmud Salim, counselor to the prime minister, has signalled the imminent liquidation of companies in financial trouble which can no longer continue operations. An authorized agent will be appointed for such companies in lieu of a board of directors. A company that will be merged with other companies will have a board of directors appointed with the required minimum number of members. The technical office for the Ministry of Labor Affairs will limit the companies' indebtedness to banks and take the appropriate action. These debts are estimated at approximately 46 billion Egyptian pounds, with 10 billion due to the banks by companies in financial difficulty and 5 billion by bankrupt companies to be liquidated.

### **Agricultural Projects Net 400 Million Pounds**

92P40249B Cairo AL-AHRAM AL-IQTISADI in Arabic  
10 Aug 92 p 34

[Text] In the agriculture sector, the Ministry of Agriculture and Land Recclamation, prepared a list of 83 agricultural projects for sale.

Twenty projects were sold, and proceeds from the sale only amounted to approximately 400 million pounds. Consequently, the role of the Ministry of Agriculture will be limited to a research and advisory role. It will also provide producers with needed services, and watch for quality control related to production requirements and crop yields.

### **Electrical Production Capacity Expands**

92AF1098A Doha AL-SHARQ in Arabic 18 Jul 92 p 9

[Article: "Second Stage Implementation of Link Between Egypt and Countries of the Arab Levant"]

[Text] It has been decided to begin implementation of the second stage of the electric link between the Arab Republic of Egypt and countries of the Arab Levant which includes Egypt, Jordan, Syria, and Turkey. This link, to be completed in 1995, is to be connected to the European electric grid.

Ministers of electricity and energy of countries participating in the project are to meet in Damascus 11 October next. The meeting, to be attended by Dr. 'Abd-al-Latif al-Hamad, chairman of the Arab Fund for Economic and

Social Development, Dr. Ahmad Muhammad 'Ali, chairman of the Islamic Development Bank, and experts of the international consulting bureau which is managing the project, is to ratify technical and feasibility studies and arrange financing for the second stage by Islamic Arab funds, according to H.E. engineer Mahir Abaza, Egyptian Minister of Electricity and Energy.

The minister's statement came at the conclusion of a meeting in Cairo with experts of the Egyptian Electric Authority to discuss technical aspects and a timetable for the first stage, currently under way to link Egypt and Jordan, as well as technical and economic feasibility studies for the third stage which would link Syria and Turkey.

### **The First Stage**

H.E. engineer Mahir Abaza, the official who has ultimate responsibility for electricity and energy in Egypt and who has conceived the project to electrically link various regions of the Arab fatherland, said that the first stage of the project, linking Egypt and Jordan, has been financed in full by the Arab Fund for Economic Development which provided a concessionary loan of \$170 million. International tenders for the first stage, to be completed in 1993, will be invited this current month and include the construction of two surplus energy relay stations at Suez and Taba. The two stations will be later connected with Jordan's 'Aqaba relay station via undersea cable across the bottom of the Gulf of 'Aqaba as well as by overhead cable in southern Sinai. Expansion at a later stage would link this grid with others extending from Damascus and Baghdad to Turkey and Europe.

### **The Energy Exchange Concept**

On the economic philosophy of energy exchange between Egypt and the Arab fatherland, engineer Abaza said that electric linkages among various countries are an old concept that was initiated in the fifties and which linked all countries of Eastern and Western Europe despite open animosity among them. Ideological orientation did not prevent the Soviet Union and its satellites from directly linking their electricity to European countries. He explained that electric links offer major economic advantages that induce countries to overlook substantial hostility. This is how the Arab countries came to think of electric linkage. The idea took hold between Egypt and Jordan and was discussed with Turgut Ozal, then prime minister and now president of Turkey. He invited Egypt, Syria, Iraq, and Jordan to Ankara for a five-nation conference with Turkey. The five countries signed a protocol for cooperation in linking themselves electrically.

The minister of electricity said that the five countries submitted the electric linkage proposal to Muslim countries at a conference of energy ministers in the Islamic world which was attended by ministers of 46 Muslim countries, including 20 Arab states. The ministers ratified linking the five countries as a first stage. Certain



ministers of energy in Arab Gulf states announced the existence of a study [on linking] Kuwait, Saudi Arabia, the UAE [United Arab Emirates], Bahrain, Qatar, and Oman and emphasized that Arab development funds would finance that study in view of its major economic significance for the comprehensive development projects being undertaken.

We have no objection to linking the [5-nation] grid with the Gulf electric grid, then extending the linkage to Turkey and from there to countries of eastern and western Europe. Morocco is currently negotiating with Spain on linking the two countries with undersea cables across the Gibraltar Straits. Tunisia is also scrutinizing another project to link itself with Italy via a 120,000-kilometer undersea cable.

The minister of energy and electricity pointed out that all those projects serve the common goal of a uniform electric grid that would simultaneously link Egypt with both the Arab fatherland and Europe.

Engineer Mahir Abaza emphasized that Egypt will be at the core of that giant project which is to link 16 Arab states with the European grid via three trunks across Italy, Spain, and Turkey.

#### **African Arab Cooperation in the Energy Field**

Engineer Mahir Abaza said that in compliance with President Mubarak's directives on the value of cooperation with the Arab states, and in addition to a number of projects under study, cooperation protocols have been signed with Qatar, Saudi Arabia, Libya, and Morocco. Egypt and those countries have already set up joint commissions to cooperate on all aspects of energy, such as technical and economic feasibility studies, the manufacture of tools and spare parts for power generation and relay stations, and training for technical and other personnel.

In the field of African cooperation, there has been coordination as well as several meetings with countries of the Undugo bloc in order to lay the foundation for an ambitious and innovative project that would electrically link the High Dam with Zaire's Andaf [?] Dam as well as link Nile Basin countries in order to achieve integration as well as export the surplus to Europe.

#### **Optimum Utilization of Sources of Energy**

The Egyptian minister added: "Thank God that the strategies and plans we are pursuing have proved successful. I had hoped for a uniform grid with the Arab states and this is being accomplished, and the grid will be completed to link the continents of Europe, Africa, and Asia. Work has been proceeding in high gear and measures for implementation have been quickly adopted even though they will take a long time and even though a goodly portion of them will be implemented during the third five-year (1992-97) energy and electricity plan...this is in connection with the uniform Arab grid and with linking Jordan to Syria, Turkey, and the Gulf states

as well as linkages to Libya, Tunisia, Algeria, and Morocco and later, to Spain. There will be accomplishments on both eastern and western fronts.

#### **Energy Projects in Egypt**

The senior official said that in order to resolve the energy crisis in Egypt, "the President nurtures the electricity sector and is keen on adding giant generating stations that would provide thermal, hydroelectric, and gas energy. Proof of [his] interest is that we have been able to triple our electric generating capacity in only eight years. We have constructed 14 new stations and expanded three others at a cost of 5.99 billion pounds which is now worth 16.35 billion. This has enabled us to bring power to 10 million new subscribers. This accomplishment, judging by world standards, is well in step with the country's major [projects for] urban, agricultural, and industrial development."

Engineer Mahir Abaza pointed out that all major towns and villages have been fully lighted and that the Ministry of Energy and Electricity has an ambitious plan to light [electrify] all plantations and farms in Egypt by the end of the next five-year plan.

The minister added that the industrial sector consumes 55 percent of the energy produced throughout the republic whereas 50 percent goes to the agricultural sector. The remainder is slated for public institutions, homes, and commercial establishments.

The Ministry of Energy and Electricity has recently agreed to provide power for a reclaimed area of some 150,000 feddans in new regions and to make power connections to tourism projects along Mediterranean and Red Sea coasts.

The Ministry of Electricity and Energy coordinates with engineer Hasaballah Kafrawi, minister of Housing and Rehabilitation, in order to provide consumers there with energy by channeling needed power through large relay stations to smaller relay stations then to distribution networks. Studies are currently under way to determine power demand in the next five years for tourism [projects] along the Mediterranean and the Red Sea. Giant electric stations will be constructed at 'Uyun Musa in southern Sinai and at al-'Arish in cooperation with the African Bank and with other Arab countries.

#### **Supplanting Foreign Expertise With Egyptian Experts**

In response to a question on Egypt's electric grid and how it compares with electric grids in the Arab fatherland, engineer Abaza said: "I can honestly say that it is one of the best in the Middle East. We have constructed major stations and have improved their performance. Power generation consumption of petroleum and natural gas has been reduced from 320 to 267 g/kw hr.

"We are manufacturing distribution grids, current and power transformers, fuses, kiosks, and electric cable, and we have begun to manufacture larger relays.

"We presented a study earlier this week on how to manufacture a complete electric station in Egypt. We are steadfastly working to replace foreign expertise with Egyptian expertise. This is important, as the President said, in order to lessen dependence on imported equipment and to conserve foreign exchange. There are several projects to manufacture energy equipment, such as al-Mako facility for 11 megavolt and 66,000 kilovolt transformers which are being manufactured in Egypt and the Arab world for the first time, along with 25 [0,000?]va and 66/11,000 kv transformers. The Ajimak factory produces electric kiosks and distributor points as well as current, power, and low energy transformers. We also have a smelter and are constructing in cooperation with the United States a capacitor factory which would help improve distribution network performance. The ministry is also building an electric insulator facility at al-Sadat City, which will use nothing but local feedstock. Another factory will be built to manufacture equipment for 26kv relay stations such as circuit breakers and current and power transformers."

The minister said that there is also propensity, in order to conserve foreign exchange, to partially assemble power generating stations in Egypt in cooperation with the Ministry of Military Production. He added that the grid-linking project would put an end to the so-called power crisis. More electric stations will be added to cover current demand for energy and maintain reserves for the uniform electric grid in order to cover potential [shutdowns] for repairs and maintenance. The ministry will also build 1,200mw power generating stations at al-Za'faranah on the Red Sea and at al-Karimat; a 120mw station at 'Uyun Musa; and a 650mw station under construction to the west of Cairo. The 201 Assiut station and another at Sidi Krir will provide 650mw each. Other stations under construction include Damanhur, 325 mw; Suez, 100 mw; and Taklkha, 225 mw. The second stage of Damietta station will produce about 400 mw. More stations are also planned for the near future.

The Ministry of Electricity has begun to manufacture many of the electric equipment it needs in compliance with the President's "Made in Egypt" motto and in order to develop expertise in various fields.

Engineer Mahir Abaza, Egyptian minister of energy and electricity, explained that one distribution company has been added to the Delta in order to supply capability and expertise to service the northern and southern governorates. The minister believes that adding companies improves performance and makes engineers and technicians available.

Because of the increase in the number of electric consumers, it was agreed with the Ministry of Military Production to supply 400,000 meters annually, to be increased to 600,000 within a year. Since the number of power subscribers has risen to about 10 million, which means power connections to the homes of some 52 million Egyptians, the ministry will also be allowed to import 30,000 other meters.

In order to save effort and avoid meter reading mistakes, the ministry will gradually adopt a more accurate scientific system thanks to an Egyptian professor at an Egyptian university who invented a small instrument that can read a meter inside an inaccessible apartment by connecting it to a thin wire placed above the door. When that wire is connected to the new device, the meter is read and the reading instantaneously entered into the central computer. Some sections of Cairo will go on the new system by the middle of next year and the others will be added over time. This would end random estimated readings once and for all.

On blackouts, especially during student examinations, engineer Abaza said: "That was really a phenomenon during the Nile crisis when the water level was low but this was improved two years ago and is now a rare occurrence that takes place only as because of events such as equipment malfunction or citizen misbehavior. Furthermore, repairs are handled now by computer and take minutes where they used to take hours."

As to a scientific plan for developing Egyptian electric industries, engineer Abaza explained: "The electricity sector has been aware of the need for integrated strategies and scientific planning. Such a strategy has been implemented since 1980 and reaches to the year 2015. The government has adopted this plan and we have set about implementing it. We are now in 1992 and already have made many strides under the plan in power generation, relay, distribution, control, and manufacturing. This is clearly evidenced [by our ability to supply] the needs of agriculture, industry, new cities, and human development. We did not stray from this plan but we have developed it and improved upon it. We are now on the verge of the third five-year plan (1992/97) which calls for specific power generation projects, specific grids, and specific relay and distribution facilities. Moreover, we have to consider new and renewable sources of energy such as the wind and the sun, as well as the local manufacture of electric generating stations, transformers, fuses, and capacitors in order to improve the capacity coefficient. Domestic electrical industries must be nurtured to the extent possible in order to establish as many of those industries in Egypt as possible and thereby conserve foreign exchange. All towers as well as insulators are of domestic manufacture and we are able to meet Arab demand for such products. Also, we have achieved a very high ratio of local content in the manufacture of steel and aluminum. We essentially depend on public sector facilities but we encourage private sector [factories] that utilize quality raw materials."

Do electric companies offer differentiated services to Egyptian and foreign investors engaged in major energy-intensive productive projects?

The minister of electricity and energy emphasizes that his ministry is at the service of investors even though it does not negotiate with them directly. The ministry provides electricity for new cities that house industrial projects such as the new cities of 6 October, 10

Ramadan, al-Sadat, and al-'Amiriyyah. Each region is fully planned in cooperation with the minister of housing and is supplied with energy transformers of 220,000kv, 66,000kv, and 11,000kv in order to supply all the power those cities will need for the next 10 years.

### **Electricity, Gas Rates Expected To Increase**

92AF1171B London AL-WASAT in Arabic  
3 Aug 92 p 45

[Text] Following its increases in gasoline prices, the Egyptian Government is moving now towards increasing electricity prices by at least 25 percent. This comes as part of a policy reached in agreement with experts of the International Monetary Fund to liberalize prices and reduce the size of the national deficit which was a result of current subsidy policies.

The new increases in gasoline prices are part of a medium-term policy to reach world market prices in fuels, and to reduce the deficit in the fuel sector from 11 to 9 billion Egyptian pounds (from \$3.4 to \$2.8 billion). However, the Egyptian Government will not increase the price of home natural-gas, thus limiting the impact on the middle class and the poor.

The increase in gasoline prices, and the subsequent increase in electricity prices, coincide with another step that the government started implementing last July which mandated a 20 percent increase in the salaries and wages for public sector employees, an increase which was equal to last year's inflation rate in Egypt.

### **Economy Ministry To Lift Ban on Imports**

92AF1171C London AL-WASAT in Arabic  
3 Aug 92 p 45

[Text] The door for imports into Egypt has flung open following the economy ministry's decision to abolish the last list of banned imported goods. It has now become possible for merchants and public and private sector companies to import goods from that list, which included 150 items, mostly consumer goods and tools and equipment that are not currently produced in Egypt. However, high-ranking sources in the economy ministry have indicated that this new policy would be countered with a new customs policy of revised tariff rates, especially for finished products such as ready-made clothes, food products and some chemical products.

According to these sources, some Egyptian industries, such as the pharmaceutical, clothing and food industries, would face unfair competition with imported goods especially in the next three years. The view is thus to increase custom tariffs on goods which are also produced in Egypt and so help local goods to continue to compete.

It should be noted that the liberalization of imports is one of the demands that the International Monetary Fund made within the framework of its supervision of the economic openness policy in Egypt and its transformation into a market economy.

### **Import Charges Abolished, Replaced by Credit**

92AF1171D London AL-HAYAH in Arabic  
10 Aug 92 p 9

[Text] In its new export-import statute, the Egyptian economy ministry has lifted the import ban on 33 goods. The statute also permits the import of seven commodities without requiring import permits from the economy ministry and the foreign trade sector.

Commodities on which import restrictions were waived represent 33.4 percent of the 105 commodities recorded on the list of banned Egyptian agricultural and industrial imported products.

The declaration also abolishes advance cash payments to open import credit accounts. These advance payments represented 10 percent of the value of the imported shipment. Forty-two goods from which import bans were lifted would be subjected to the specifications of the Egyptian Standardization Authority.

Dr. Yusri Mustafa, Egyptian Economy Minister declared in an interview with AL-HAYAH that the realistic exchange rate of the Egyptian pound vis-a-vis foreign currencies gave a clear picture of the actual cost of unsubsidized imports. He added that the door was open to import those commodities in order to stop illegal competition methods used by some producers, and restrict monopolizing the Egyptian market by others.

The 33 commodities which are no longer banned include agricultural tractors, cigarettes and cigars, aerosol insecticides, portland cement, files, fans, electric washing machines, audio-visual equipment such as radios, VCRs, cassette players and television sets, shoes, perfumes, vinegar, leather products, nutmeg, soft drinks, peanuts, olives, honey and lupini beans.

The list of commodities that may be imported with no permit for the private and public business sectors include electric cooking ranges, iron casts, bakery equipment, fire extinguishers, nails and screws, agricultural automation machinery and non-central compressors of up to 2.5 tons.

### **Five Duty-Free Regions To Be Created**

92AF1171E London AL-HAYAH in Arabic  
11 Aug 92 p 10

[Unattributed article from Cairo]

[Text] Dr. Muhi al-Din al-Gharib, executive president of the Egyptian Investment Authority, announced that the Egyptian government has agreed to establish five new duty-free zones as part of its policy to open up opportunities for foreign investments. These zones, to be located in Cairo and the Suez Canal area, are being set up in response to requests from several European and Gulf investors to establish assembly plants and consumer-goods industries in duty-free zones. Products from these zones would be exported to Gulf markets.

Al-Gharib added that the new free zones would attract almost \$500 million in direct Western investments and \$800 million in Gulf investments during the first phase of the project. He indicated that the Egyptian government had agreed to allocate a \$300 million loan from the World Bank towards providing basic services to the new duty-free cities in response to the European and Gulf investors' requests.

In an interview with AL-HAYAH, Dr. Al-Gharib indicated that the establishment of an Egyptian-Gulf-European consortium for investment in the Middle East region had become possible following the establishment of a market economy in Egypt. He said that investment operations in Egypt were now producing profitable returns and that the changes that aimed to reform the Egyptian monetary market had allowed it to catch up with developments in world markets thus attracting international investment activities.

He emphasized the importance of attracting international companies to form financial investment companies and pointed out that the Egyptian Investment Authority had received requests from many international financial companies operating in the fields of stocks and investments to expand their operations into Egypt. Besides, a number of joint banks in Egypt would play an important role in this area and consequently the Egyptian government would support them by increasing their capital and allowing them to deal in Egyptian pounds. He added that the coming period would witness increased activity in the sale of shares and stocks since a number of banks operating in Egypt would offer their shares for sale and transaction. In addition, 400 public sector companies would offer stocks; all of which means that Egypt is converting to a market economy at a fast pace.

He said that the results of the economic reforms reflected on Egypt in a number of ways, most importantly in that Egypt, for the first time in its history, is able to pay cash to buy wheat, and not depend on aid for that.

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